Outlook

Edison investment research

12 May 2010

Brightside Group

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/08	33.2	7.5	2.0	0.0	14.0	N/A
12/09	44.7	9.0	2.1	0.0	13.3	N/A
12/10e	60.6	13.4	2.3	0.0	12.2	N/A
12/11e	74.2	17.7	3.0	0.0	9.3	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Always look on the Brightside

Brightside continues to develop its integrated personal and commercial broking network, with reported pre-tax profits ahead by 49% in 2009. The interesting life insurance product, about to be added to the online platform, should add to the momentum. The recent £19.1m fund-raising creates a sound base for planned growth. Our forecasts show rising margins and consistent cash generation.

Recent acquisitions generating efficiency gains

The reverse acquisition of the Group Direct businesses and the purchase of eVan during 2008 brought a portfolio of online and offline insurance brokers and broking books into the group. These benefit from the ability of the existing lead generation operation to provide a flow of new prospects.

Growing range of online insurance offerings

The group has already developed a consistent marketing approach for the online e-insurance offerings, which use a common platform and shared support call centres, driving down costs. The strategy is focused on developing a family of online and offline products utilising common systems where this is possible.

Further acquisitions in the pipeline

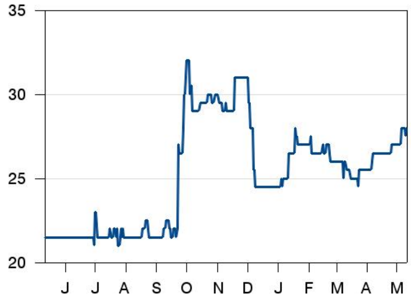
Preliminary results for 2009 were ahead of market estimates at £9m pre-tax and management's outlook for 2010, for the group as currently constituted, is positive. The proposed acquisitions of the eBike and eCar books of business remain on the agenda, and we look forward to an announcement in due course.

Valuation: More to come in the out-years

The recently strengthened balance sheet gives Brightside the flexibility to continue its growth plan, based on its existing structure. The market may find it difficult to appreciate the full extent of management's ambition until the eBike and eCar acquisitions are in place, and the cash is fully deployed in the high-margin premium finance operation. We anticipate that the group's current strategy would point to a further uplift in 2011 profitability, taking operating margins above 20%.

Price	28p
Market Cap	£117m

Share price graph



Share details

Code	BRT
Listing	AIM
Sector	Property & Casualty Insurance
Shares in issue	418.9m

Price

	High	Low
52 week	31.3p	20.5p

Balance Sheet as at 31 December 2009

Debt/Equity (%)	N/A
NAV per share (p)	10.2
Net cash (£m)	20.7

Business

Brightside Group's principal activities are insurance broking; the provision of premium finance and medical reports; lead generation; and the provision of debt management solutions.

Valuation

	2009	2010e	2011e
P/E relative	129%	111%	101%
P/CF	10.0	N/A	6.4
EV/Sales	1.7	1.8	1.3
ROE	16%	19%	21%

Revenues by geography

UK	Europe	US	Other
100%	0%	0%	0%

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Brightside Group is a research client of Edison Investment Research Limited

Investment summary: Always look on the Brightside

Company description: A rapidly growing insurance broker

Management has shown its ability to develop and grow both existing businesses and those brought into the new structure as the result of the reverse takeover of Group Direct by Brightside in June 2008. Our forecasts are not predicated on further acquisitions. In the annual *Insurance Times* Top 50 UK Brokers listing, updated in August 2009, Brightside was ranked 30th in terms of revenue, up from 41st in 2008. Based on profitability, Brightside's preferred basis, the group was 21st. The broking business is currently focused on personal and commercial lines, but management is confident that the life assurance business, established in October 2008, will grow rapidly. The premium financing business, Panacea, enables policy-holders to pay their annual premium over a period of 10 months, with Brightside retaining the interest rate spread, generating strong margins. Injury QED provides medical reporting services to solicitors, and is making impressive progress.

Valuation: More to come in the out-years

With a limited history for the group in its present form, we focus on the strong cash generation characteristics of the business and the potential for further increases in margins, as economies of scale begin to kick in.

Sensitivities: Acquisitions and regulation

The proposed further purchases of eBike and eCar from a group of directors will benefit shareholders, although this remains subject to resolving any technological, regulatory and tax and accounting issues. The basic data provided indicate that they should be accretive to earnings per share and the subsequent economies of scale should reinforce this. The transactions should bring all of the directors' broking interests within Brightside Group.

Regulatory change seems a permanent feature of the insurance industry, with accounting rules and solvency requirements becoming increasingly burdensome for the 'manufacturing' side of the industry. This does not seem the case for the 'distributors', such as Brightside, and could even be positive, as the level of commission is likely to rise as insurers continue to increase rates.

Financials

The preliminary results for 2009 were slightly ahead of market expectations, although operating margins pulled back from 18.8% to 15.8%. The continued expansion of the online business will generate higher margins in future years. The recent fund-raising has given the group the financial strength to continue its growth plans on a number of fronts, although the cash is not intended to finance the proposed acquisitions.

Cash flow generation is consistent in most of the group's businesses, with support being given to those areas (Premium Finance and Injury QED) where the increase in receivables needs some financing during the current year, due to their rapid growth rates. We are confident that these operations will become self-financing within this time frame.

The board has stated that it intends to fully deploy the funds raised in December 2009 and allow the full effect of these funds to translate into cash generation before commencing dividend payments.

Company description: Spreading the range

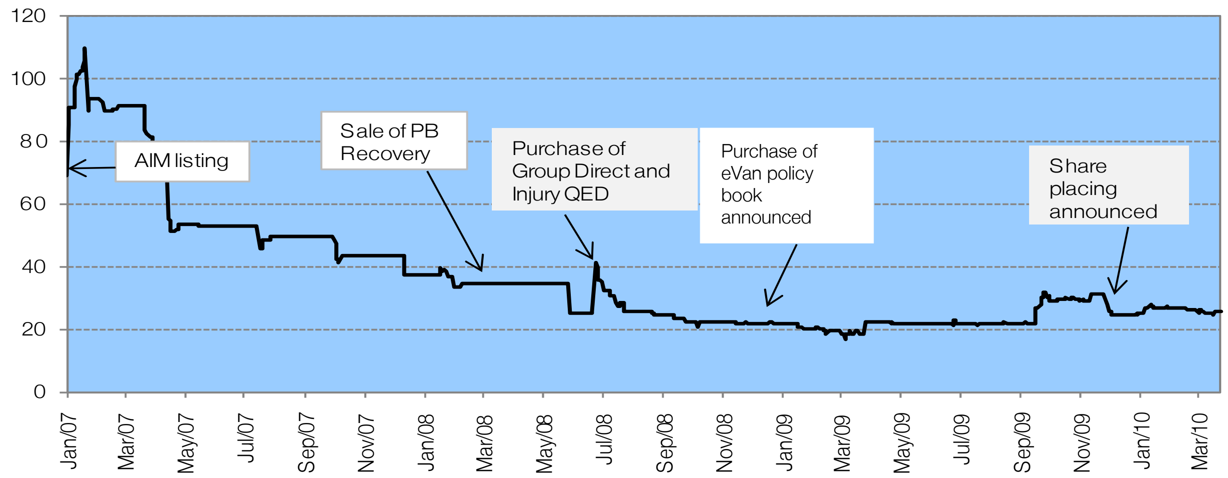
Brightside's management is confident that there remain significant growth opportunities. The £19.1m fund-raising in December 2009 will finance the growth of the existing insurance broking and other businesses and will enable further investment to be made in the technology required to expand the online life offering. The five year option agreements (see Exhibit 2) to purchase books of business and support operations will enable the company to expand its product line at what appears to be an attractive price.

The story so far

While the group has only existed in its current shape since June 2008, it began operations in January 2001 as Commercial Vehicle Direct (CVD), supplying motor insurance to small businesses through its call centre. With a dependence on 'white van man', the incorporation of Panacea to finance premia for policy-holders at the end of 2001 made considerable operational sense, giving the group access to a greater interest rate spread on outstanding loans. During the next three years, a number of commercial and personal lines operations were launched or acquired. These operations (collectively referred to as the Group Direct businesses) have the common theme of being focused on small businesses, to which the premium financing option is attractive.

Brightside Group was listed on AIM in January 2007 and comprised a number of companies offering financial rehabilitation solutions, including advice through its debt counselling centre, home visitors to assist with completion of debt information packs, debt management, corporate recovery and formal insolvency services and mortgage and loan broking. The personal and corporate formal insolvency businesses were sold to Debts.co.uk plc in March 2008, leaving Brightside operating its lead generation and personal debt management businesses.

Exhibit 1: Share price history (p)



Source: Thomson Datastream, Edison Investment Research

In June 2008, Brightside purchased the Group Direct businesses, together with Injury QED, an agency providing medical reports and services to solicitors in order to assist with the progression of insurance-related personal injury claims, from the three existing (and current) executive directors and a non-executive director. The eVan book of business was purchased in December 2008 from Southern Rock Insurance Company (itself 72% owned by the three executive directors) for £3.3m, plus a maximum deferred consideration of £1.5m, payable on publication of the 2009 results.

Finally, at the time of the fund-raising in December 2009, Brightside has taken five year options (which are extendible annually by Brightside) to purchase the eBike and eCar books of businesses from Southern Rock, together with the company responsible for the development of the online computer system, and the online computer system itself, on which an increasing proportion of the group's business is run. While there are continuing discussions about technology integration and regulatory matters as well as some tax and accounting issues, we understand that progress is being made.

Exhibit 2: Brightside – Acquisitions and disposals since listing in January 2007

Date	Transaction	Consideration
8 March 2008	Sale of personal and corporate formal insolvency services.	£1.2m
30 June 2008	Purchase of Group Direct Limited	£45.0m
30 June 2008	Purchase of Injury QED Limited	£5.0m
1 December 2008	Purchase of eVan book of business	£3.3m (plus £1.5m max deferred)
2 December 2009 (announced)	Five-year extendible option to purchase eBike book of business	3.75x pre-tax year 1 profits (part deferred)
2 December 2009 (announced)	Five-year extendible option to purchase eCar book of business	3.75x pre-tax year 1 profits (part deferred)
2 December 2009 (announced)	Five-year extendible option to purchase eDevelopment	3x prior 12 months pre-tax profits (min consideration £1m)
2 December 2009 (announced)	Five-year extendible option to purchase eSystem	Net book value plus 3x prior 12 months external revenues

Source: Brightside Group

Integration and online growth

Acquisitions from connected parties must necessarily be examined carefully, but all the transactions appear to be beneficial to shareholders. The option agreements for the eBike and eCar books of business set an acquisition price of 3.75x first year net profits, payable in two instalments. The systems development business and the computer operating system are priced on a similarly conservative basis. Consequently, we have little doubt that these purchases, if completed, should be accretive to earnings per share. Given the current ownership of these operations (by a group of directors) and the common operating platforms used by the group and the potential additions, we regard the potential for execution risk as minor and the integration process should be smooth.

We cannot include the effects of these potential acquisitions in our numerical forecasts, as financial details are not currently available. However, eBike had gross written premiums (GWP) of £8m in 2008 and eCar had GWP of £58m in the same year. The Brightside group as currently constituted had GWP of £70m in 2008, so we can posit an uplift in operating profits (before amortisation of intangibles) for the insurance broking division approaching 100% in the first year of ownership, on the (rather heroic) assumption that margins are in the same order of magnitude.

The core of the group remains the online and offline distribution of insurance products. While the offline business (run through call centres) continues to show growth, management anticipates significantly higher growth rates through the online channels. There is some risk of cannibalisation by the online operation as the range of products offered increases, but management feels the advantage of having a human contact in the offline sales process should protect the customer base. Management continues to improve the call centre's capability to contact potential customers who have not purchased online policies immediately after they have declined the offer, providing a more customised product, with increased pricing flexibility.

While part of the 30% increase in policies broked must be due to recent acquisitions, it is clear that the online businesses are generating organic growth. The recent rise up the *Insurance Times* league table indicates that the group is gaining market share from the competition and this is increasingly based on the online family of products. Motor insurance premium rates (as measured by the AA British Insurance Premium Index) rose by 18.7% in 2009, and by 7.2% in the final quarter alone. While there have been some significant withdrawals from the market and reviews of commission rates, management believes that this process is nearly complete, with premiums continuing to rise.

Panacea for customers' cash flow

In common with many other insurance providers, Brightside offers customers the option of spreading payments over the first 10 months of the policy. Unlike most of its competitors, however, Brightside, in general, offers the facility from its own resources, rather than outsourcing the process to a finance provider. While Royal Bank of Scotland has withdrawn from the premium finance business, a stable group of providers has been developed, with scope for increasing the funds available. Management has indicated that up to half the proceeds of the recent fund-raising will be devoted to this area. This enables the group to capture the full interest rate spread, a valuable benefit during the current period of low interest rates, although cash will be charged out internally at market rates, keeping divisional margins unchanged.

Although capital is being invested in the premium financing operation, the rapid recycling of cash means the proposed acquisition of the additional books of business can readily be financed. As most of the commercial policies could be considered 'business critical', policy-holders are unlikely to default except *in extremis.* Default risk is minimal, as a 20% deposit is taken, with the balance being repaid over 10 months. As long as the underlying policy is cancelled promptly by the group, the refund from the underwriter should ensure that the policy-holder's account remains in credit at all times.

Injury QED – QI

Purchased in June 2008, Injury QED provides a panel of experts who prepare medical reports for solicitors acting in personal injury claims. The company currently provides reports for around 25 firms of solicitors, although the majority is still prepared for New Law, which was co-founded by John Gannon and Helen Molyneux, respectively an executive and a non-executive director of Brightside. The growing number of independent solicitors being dealt with indicates that the firm is gaining a reputation for reliable work, so this historic relationship is likely to decline in relative importance over time.

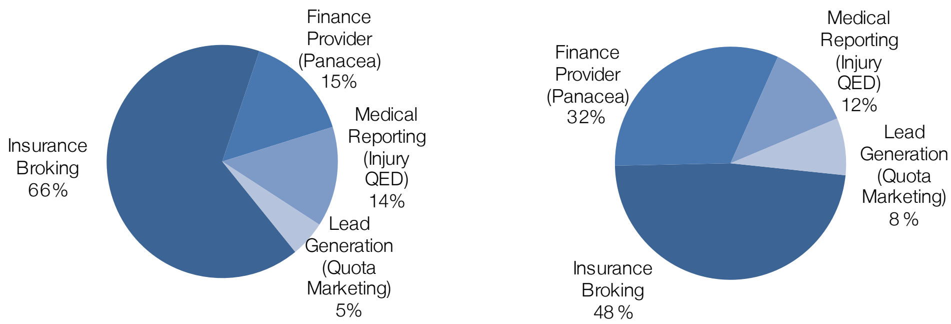
The rapid growth since acquisition has had an increasing effect on the balance sheet, as the retained experts require payment on provision of their opinion, but Injury QED is only paid on finalisation of the claim. While it is not unknown in the industry for this to take a number of years in some cases, the majority of cases undertaken are settled within nine months and the growth plan is based on the continuation of this. Management has indicated that sufficient resources will be provided to enable the strong growth rate to continue, although it could become self-financing by the end of 2011, depending on the rate of growth.

David & Co

The lead generation and debt management unit is the only remaining element of the original Brightside Group. Given the increase in the scale of the group, the demand for lead generation is increasing and revenue rose by 27% in the first half of 2009. Leads are created by using identities of people who have 'touched' the group in the past and also from buying in relevant lists. Those leads which are not usable within the group are sold to third parties. The debt management business continues at approximately the same pace as previously, with only limited growth anticipated as the effects of the recession on unemployment continue to increase.

There is also a small, but rapidly growing, guaranteed asset protection insurance business, which covers the difference between the insurer's valuation and the market value of the vehicle. This product is tele-marketed to group motor policyholders.

Exhibit 3: Revenue by business (LHS) and profit by business (RHS) H109



Source: Brightside

Management: Entrepreneurial skills

The Group Direct businesses and the potential subsidiaries and operations have all been founded by the same group of directors. As far as we can see, these start-ups have all been successful. The only exception in the group's history was the corporate and personal insolvency business, PB Recovery Limited, which was acquired during 2005 from an accountancy practice of which a former director was a partner, and was sold in March 2008, before the Group Direct reverse acquisition was undertaken in June 2008.

Chief Executive and Finance Director Paul Chase-Gardener is a chartered accountant. He was a co-founder, with John Gannon and Arron Banks, of Brightside in 2005. He was also chairman and finance director of Group Direct before its reverse take-over by Brightside. Arron Banks, the insurance director, co-founded Brightside and Commercial Vehicle Direct Insurance Services Ltd, which later formed the core of Group Direct, in early 2001. He gained wide experience of the insurance market before co-founding the group companies. John Gannon, the commercial director, is a qualified lawyer, and co-founded Commercial Vehicle Direct and Brightside, as well as New Law LLP, a Cardiff based law firm specialising in providing claims management services to insurers and brokers, in 2004. The team of executive directors has shown it can grow the group, with GWP for Group Direct (in functional terms the predecessor of Brightside) growing from £7.7m in 2002 to £70.2m in 2008. We would point out that, as the organisation grows further, it is probably inappropriate for the chief executive and finance positions to be held by the same person.

Consistent range of products – driving growth

With the exception of the medical claims division, there is a degree of synergy between most of the operations. The lead generation operation brings in potential clients to the offline sales operation, which also picks up leads from the online business. The online business gathers a great deal of data on potential clients who seek quotes, many of whom do not purchase policies. Systems are under development, for use across the group, which will automatically, and immediately, email those potential clients who have declined insurance from the online system. Panacea naturally benefits from the number of policies being written.

Exhibit 4: Online model revolutionises product distribution

Note: Figures at 30 September 2009. Online distribution relates to eVan, Brightside's online van insurance broker; Offline distribution relates to CVD, Brightside's offline van insurance broker.
* Online customer facing staff relates to the helpdesk team and customer services team; offline customer facing staff relates to the new business sales team, renewals team and customer services team.

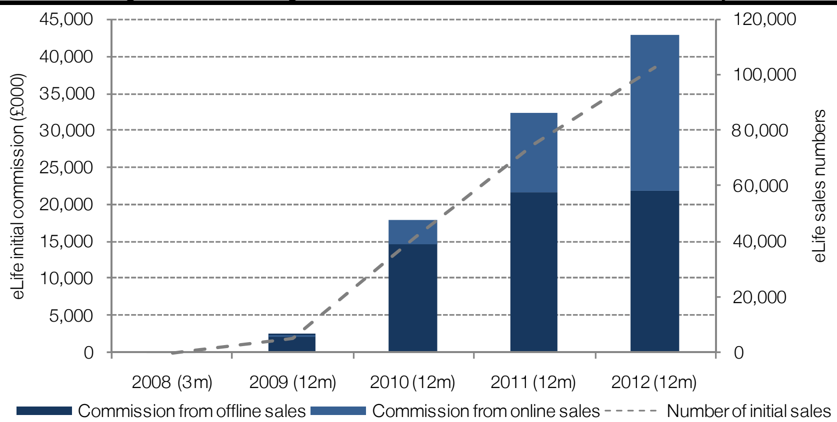
	Live policy count	Monthly quotes	Monthly sales	Customer facing staff*	Admin staff	Live policies per staff member	Monthly sales per staff member
Online distribution	17,293	5,603	2,492	3	1	4,323	623
Offline distribution	76,143	7,200	7,100	99	15	668	62

Source: Brightside Group

Two years ago, only 5,000 of Commercial Vehicle Direct's 80,000 client base had been cross-sold another product. As all the group's technology becomes further integrated, cross-selling will become more embedded into the sales process, reducing acquisition costs.

Management has given some ambitious projections for the eLife business, which was introduced as an offline product in October 2008 and will launch an online format in the second quarter of 2010. We understand that further development work has been undertaken and experienced staff are in place to take advantage of the technological capability established. While the current rate of sales growth (25% a month in 2009) is unsustainable, first mover advantage could keep the momentum high for some time. With a current annualised run-rate in excess of 13,000 policy sales, we must consider management's projections (see Exhibit 5, below) as targets.

Exhibit 5: eLife: aiming to be UK's largest life assurance distributor within three years



Source: Brightside Group

Sensitivities

While the main variables affecting Brightside stem from the normal cycles of business, such as pricing trends for motor and other lines of business, there are four significant areas to watch.

Upside risk from proposed acquisitions – but when?

We would highlight the uncertainty around the timing (or even the eventual completion) of the proposed purchase of the eCar and eBike insurance policy books, eDevelopment, which provides processing and software services for parts of the group, and the online policy distribution platform, all of which are currently under option. The terms of the options, which last for five years with provision for extension, would appear to be accretive at the earnings per share level, but we do not have details of current and past profitability. Although there may be some uncertainty over timing, early completion would be to Brightside shareholders' benefit.

Low interest rates – mixed blessing

In the current interest rate environment, the strengthening balance sheet is positive to profits, as repayment of costly debt and the opportunity to increase the use of the group's own funds for premium financing will be more profitable than using the external borrowing facilities formerly utilised. Panacea has generated high margins in the past and demand for its services is unlikely to reduce in the current economic situation. Given the speed with which these loans are repaid (they should be fully repaid within 10 months), increasing the funds available to Panacea should not impact the group's flexibility for making further investments in growth.

Potential conflicts of interest reducing

There remain a number of commercial relationships with entities which are controlled by members of the board. The progressive transfer of businesses to within the Brightside 'envelope' will continue with the proposed purchases, which were the subject of the option agreements in December 2009, and these will reduce any potential conflicts to a relatively low level. Although non-executives are in a majority, one continues to have significant commercial relationships with the group. Our view is that the relationships have been in the interests of shareholders, although we need to monitor transactions and relationships in the future.

Potential share sales by directors

The three executive directors have agreed to a 'soft' lock-in for a period of one year from the date of the placing in December 2009. The placing had the effect of increasing the free float of the share capital to approximately 49%, although in practical terms it is nearer to 25% (we regard the Aviva and Stena holdings as strategic).

Regulatory outlook

Regulatory changes are a constant factor for all financial services companies to deal with. We consider that the recent online sales guidelines from the Association of British Insurers and the developing suite of Solvency II requirements from the EU are likely to affect all participants in the insurance industry, although brokers should benefit as policy rates increase.

Valuation

For the purposes of valuing Brightside, we can look at the Insurance Broking part of the company as a distribution channel, buying insurance policies from 'manufacturers' and selling them on to consumers at what is, in normal circumstances, a predictable gross margin. Profits growth of Panacea is inherently dependent on the amount of capital provided by the group.

Valuing growth

With a series of significant changes to the perimeter of the group both in the past and in the future, it is difficult to replace the traditional P/E valuation method. Management has expressed a desire to initiate a dividend policy, but has stated that it will have to wait for the funds invested after the December placing to generate a cash return before this can be considered.

Exhibit 6: Comparative valuation, as at 11 May 2010

		Brightside	Admiral	CBG	Jardine Lloyd Thomson	Jelf
Y/end		Dec	Dec	Dec	Dec	Sep
Revenue growth	FY1	36%	(50%)	0.4%	14%	2%
	FY2	23%	21%	6%	7%	0.4%
EPS growth	FY1	6%	15%	476%	17%	29%
	FY2	33%	12%	16%	22%	(33%)
EV/Sales	FY1	1.8	5.9	0.9	1.7	0.9
	FY2	1.3	4.9	0.9	1.6	0.9
EV/EBITDA	FY1	7.6	5.4	4.4	N/A	6.9
	FY2	5.2	4.7	4.0	N/A	6.0
P/E	FY1	12.2	19.6	7.1	14.2	4.8
	FY2	9.3	16.3	6.1	11.7	7.1
Yield	FY1	0.0%	4.8%	1.5%	4.0%	0.0%
	FY2	0.0%	5.6%	1.9%	4.2%	0.0%

Source: Thomson Reuters, Edison Investment Research

The lack of direct comparators for Brightside tends to leave investors with some uncertainties at first sight, with no metric in the table above showing a clear differentiator. Brightside is primarily a retail insurance broker, with an increasing proportion of transactions conducted online. The comparisons with the rest of the peer group are limited. In 2009, Admiral generated 89% of profits from multi-channel sales of motor insurance and approximately 11% from its online price comparison sites. Three-quarters of CBG's revenues derive from insurance broking, although this is focused on corporate insurance risk management and associated personal lines. JLT is primarily a retail insurance Lloyds broker, although most of its retail operations are outside the UK. Jelf is primarily an insurance broker specialising in the small- and medium-sized enterprise market. Jelf's recent round of fund-raising has put the balance sheet on a better footing while management continues with a process of restructuring.

Financials

Earnings growth on the agenda

The limited operational history of the group and its component parts give little guide to longer-term profitability trends. However, the individual lines of business have shown consistently positive trends. The reverse acquisition of Group Direct by Brightside has been dealt with, in accounting terms, as if Group Direct had bought Brightside.

While revenue growth in 2009 was 34.7%, operating margins pulled back to 15.8% from 18.8% in 2008. As the online businesses become a larger proportion of the total in 2010, we anticipate margins to expand to 18.5%. Further progress should continue to be made as the proportion of online business increases, partly due to the proposed acquisition of the books of business (which is excluded from our forecasts), but also due to the full launch of the online version of the eLife product during 2010. We have taken a conservative view of the potential for growth and profitability of the nascent eLife business, relative to a demanding set of management targets over the next three years.

Cash flow consistently positive

Net debt at the end of 2008 had reduced from £22.8m to £13.0m, with operating cash flow of £7.2m and the capital raising of £10.2m being only partly offset by high levels of acquisitions and capital expenditure. The £19.1m placing in December 2009, together with operating cash flow of £9.5m in 2009 leaves the group in a strong position to finance its expansion plans. While the cash raised has been targeted on financing growth, we have pointed out the ability to recycle cash from the Premium Finance operation should the need arise. It is probable that some cash will be required for the first instalment of the anticipated purchases of the associated books of business, and the final instalment of the purchase price of eVan in 2010. The maximum sum payable for eVan is £1.5m, although we anticipate it to be nearer to £1.0m.

We are confident that the group will continue to generate positive cash flow. Operating cash flow is forecast to rise from £7.2m in 2008 to £18.8m in 2011, improving as the balance of the insurance broking division's business moves to online delivery. The further investments in the Premium Finance and Injury QED businesses are being financed by the cash raised in December 2009. Although Panacea turns over its capital rapidly, as discussed above, the current pace of expansion makes it uncertain whether the operation will be self-financing in the course of 2010.

The strong growth of Injury QED has created a significant demand for capital, as approximately nine months of receivables needs to be financed for this business. Management anticipates that cash generation will begin to outweigh the demand for cash to finance receivables before the end of 2011.

Balance sheet prepared for growth

In the 2009 Preliminary Report, management referred to the options to acquire the remaining books of businesses owned by associated companies as being "on our current agenda". Given the pace of expansion already seen, this would have been too rapid a pace for the balance sheet before the share issue of December 2009. The anticipated pace of expansion during 2010, with an emphasis on developing existing operations and gaining the financial flexibility to fund the proposed round of acquisitions, should not cause any undue strain on the balance sheet, which we currently forecast to show net cash of £14.6m by the end of 2010.

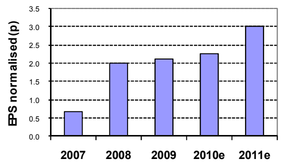
While the company could be in a position to begin dividend payments for the 2010 year, we concur with the board's declared intention to wait for the funds raised in December 2009 to generate a cash return before commencing distributions, which we could expect for the 2011 financial period.

Exhibit 7: Financials

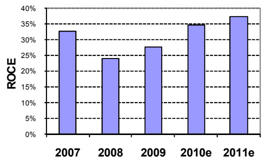
£'000s	2007	2008	2009	2010e	2011e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	23,314	33,174	44,700	60,550	74,200
Cost of Sales	(4,540)	(6,575)	(10,740)	(10,500)	(12,780)
Gross Profit	18,774	26,599	33,960	50,050	61,420
EBITDA	4,438	7,725	9,684	14,050	18,370
Operating Profit (before intangible amort. and except.)	3,524	7,503	9,428	13,705	17,950
Intangible Amortisation	(120)	(1,061)	(1,865)	(2,520)	(3,050)
Share based payments	0	(221)	(488)	0	0
Operating Profit	3,404	6,221	7,075	11,185	14,900
Net Interest	(1,206)	(33)	(410)	(350)	(250)
Exceptionals/Other	(10,025)	(1,716)	0	0	0
Profit Before Tax (norm)	2,318	7,470	9,018	13,355	17,700
Profit Before Tax (FRS 3)	(7,827)	4,472	6,665	10,835	14,650
Tax	(626)	(1,911)	(2,010)	(3,870)	(5,130)
Profit After Tax (norm)	1,692	5,559	7,008	9,485	12,570
Profit After Tax (FRS 3)	(8,453)	2,561	4,655	6,965	9,520
Average Number of Shares Outstanding (m)	225.0	276.8	329.3	418.9	418.9
EPS - normalised (p)	0.7	2.0	2.1	2.3	3.0
EPS - FRS 3 (p)	(3.7)	0.9	1.4	1.7	2.3
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	80.5	80.2	76.0	82.7	82.8
EBITDA Margin (%)	19.0	23.3	21.7	23.2	24.8
Operating Margin (before GW and except.) (%)	15.1	22.6	21.1	22.6	24.2
BALANCE SHEET					
Fixed Assets	3,321	20,015	19,313	19,311	19,341
Intangible Assets	218	17,635	16,642	14,122	11,072
Tangible Assets	1,721	348	478	3,133	6,213
Investments	1,382	2,032	2,193	2,056	2,056
Current Assets	32,672	31,005	43,217	46,068	70,388
Stocks	0	0	0	0	0
Debtors	12,182	11,879	8,454	18,165	22,260
Cash	3,037	5,851	21,488	14,628	34,853
Other	17,453	13,275	13,275	13,275	13,275
Current Liabilities	(41,065)	(32,522)	(19,617)	(15,920)	(29,840)
Creditors	(16,991)	(13,860)	(19,232)	(15,920)	(20,840)
Short term borrowings	(24,074)	(18,662)	(385)	0	(9,000)
Long Term Liabilities	(1,735)	(235)	(366)	0	0
Long term borrowings	(1,735)	(235)	(366)	0	0
Other long term liabilities	0	0	0	0	0
Net Assets	6,807	18,263	42,547	49,459	59,889
CASH FLOW					
Operating Cash Flow	3,245	7,222	9,503	251	18,845
Net Interest	(1,206)	(33)	(410)	(350)	(250)
Tax	(434)	(1,501)	(2,254)	(2,010)	(3,870)
Capex	(2,004)	(7,081)	(1,474)	(3,000)	(3,500)
Acquisitions/disposals	4,095	913	230	(1,000)	0
Financing	0	10,206	19,141	0	0
Dividends	0	0	0	0	0
Net Cash Flow	3,696	9,726	24,736	(6,109)	11,225
Opening net debt/(cash)	26,468	22,772	13,046	(20,737)	(14,628)
HP finance leases initiated	0	0	0	0	0
Other	0	0	9,047	0	0
Closing net debt/(cash)	22,772	13,046	(20,737)	(14,628)	(25,853)

Source: Company accounts/Edison Investment Research

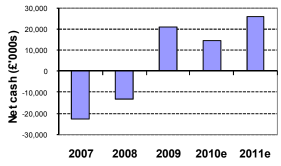
Growth



Profitability



Balance sheet strength



Sensitivities evaluation	
Litigation/regulatory	◖
Pensions	○
Currency	○
Stock overhang	◖
Interest rates	●
Oil/commodity prices	○

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 07-11e	44.6	ROCE 10e	34.4	Gearing 10e	N/A	Address:	
EPS CAGR 09-11e	18.7	Avg ROCE 07-11e	31.1	Interest cover 10e	N/A	MMT Centre Severn Bridge, Aust Bristol BS35 4BL	
EBITDA CAGR 07-11e	42.6	ROE 10e	19.2	CA/CL 10e	2.9		
EBITDA CAGR 09-11e	37.7	Gross margin 10e	82.7	Stock turn 10e	N/A	Phone	01454 635860
Sales CAGR 07-11e	33.6	Operating margin 10e	22.6	Debtor days 10e	110	Fax	01454 634187
Sales CAGR 09-11e	28.8	Gr mgn / Op mgn 10e	3.7	Creditor days 10e	85	www.brightsidegroup.co.uk	

Principal shareholders	%
A F A Banks	20.4
P S Chase-Gardener	9.0
J W Gannon	8.9
Norwich Union Investments	7.2
L Hughes	6.9
J Bowers	6.8
Stena Investments	6.2

Forthcoming announcements/catalysts	Date
AGM	25 June *
Interim results	9 September *
*Note: * = estimated*	

Management team
CEO/CFO: Paul Chase-Gardener
Paul co-founded Brightside with John Gannon and Arron Banks in 2005. He was also chairman and finance director of Group Direct prior to its reverse take-over by Brightside. Paul was formerly MD of Bladon Group plc until its sale in 1996. He is a chartered accountant, having trained and qualified with Price Waterhouse.
Insurance director: Arron Banks
Arron co-founded Brightside in 2005. He also co-founded Group Direct with John Gannon in 2001. Arron is a non-executive director of Manx Financial Group (formerly Coniston Trust), having been CEO between April 2008 and February 2009.
Chairman: Dr Christopher Fay
Dr Fay is currently non-executive chairman of IOFINA plc and a non-executive director of Anglo-American plc and Stena Drilling. Dr Fay spent much of his career with the Royal Dutch/Shell Group, culminating in his appointment as chairman and chief executive of Shell UK from 1993 to 1998.