



Premium: Brightcom Group: For Hefty Gains!

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Incorporated in 1999, the **Brightcom Group (BCG)**, formerly known as Lycos Internet, is an Indian service company engaged in providing digital marketing services and development of computer software and services. It is also a global information technology (IT) implementation and outsourcing services provider. It has a presence across India, USA, Australia, Israel, Brazil, Argentina, Uruguay etc. and has 463 employees and consultants working in 22 offices spread across the world. Its software development services are based in India. It has 2 Indian subsidiaries and 14 subsidiaries.

Lycos was acquired by Ybrant in 2010 for \$36 million and renamed as Lycos Internet Ltd. In 2018, Lycos Internet was renamed to Brightcom Group Ltd. It was ready with changes required to conform to the European General Data Protection Regulation (GDPR). It increased its service offerings in Artificial Intelligence and Machine Learning. Brightcom Group was featured among Fortune India 500 in 2019.

BCG offers digital marketing solutions to businesses, agencies and online publishers around the world. Over the period of next twenty years, BCG became a global player in digital marketing and related platforms by successfully acquiring and integrating 10 acquisitions. It has offices in the US, Argentina, Brazil, Chile, Uruguay, Mexico, UK, France, Germany, Sweden, Ukraine, Serbia, Israel, China, India, and Australia and with representatives or partners in Poland and Italy.

BCG provides enterprise solutions and specializes in enterprise resource planning (ERP) solutions, Microsoft and open-source systems development. Its Media product is a network of community and social sites. Its products

and services include tools for blogging, web publishing and hosting, online games, e-mail and search. BCG's network of sites and services include Tripod, Angelfire, HotBot, Gamesville and Who Where. Life is in its consumer products division. It offers them access to the billions of Internet consumers that visit its network of name brand publishers spread across the world.

BCG achieves this by selling targeted and measurable online advertising campaigns and programs for advertisers and advertising agency clients, generating client leads, online sales and increased brand recognition on their behalf with online consumers. Its digital marketing services involve marketing through various methods including video ads, display ads, search marketing, email marketing, lead generation, affiliate marketing, social media marketing and mobile marketing.

BCG is divided into three major divisions: (i) media (Ad-Tech and digital marketing), (ii) software services and (iii) future technologies. Its primary clients are end advertisers, agencies and publishers, but also includes ad exchanges and networks. It has fourteen operating technology companies that provide services that harness the complexity, interactivity and dynamic nature of the internet to deliver technology solutions and the most successful advertising campaigns for its clients.

BCG also offers mobile marketing to advertisers that enable brands to provide location-specific advertising to consumers on their mobile devices by using location-tracking technology. Advertisers currently implement mobile marketing through voice, internet and SMS and are looking at marketing through other value-added services shortly.

BCG offers social marketing through popular sites such as Facebook, Twitter, or website review sections, to create content that attracts attention, whether through online conversations, reviews, or other participation from consumers. The consumers then spread the advertiser's message to other consumers, with the message resonating because it comes from another consumer, who is presumably impartial and has tried the product or service, instead of the advertiser.

Throughout running client campaigns, the Company provides data to its clients in online, real-time performance reports that evaluate campaigns along several dimensions including sales, leads, registrations, and downloads. BCG's digital traffic management involves evaluating the client's objectives, outlining media strategy, developing a media plan and executing the plan by negotiating rates for the desired placements.

BCG remotely stores and delivers digital advertisements to website visitors. It generates real-time reporting to ensure that its clients can receive

information as fast as it is generated. Real time reporting allows the Company to tailor campaigns for its clients with flexibility and efficiency.

BCG consolidates Ad-tech, New Media and IoT based businesses across the globe primarily in the digital eco-system. Clients include leading blue-chip advertisers like Airtel, British Airways, Coca-Cola, Hyundai Motors, ICICI Bank, ITC, ING, Lenovo, LIC, Maruti Suzuki, MTV, P&G, Qatar Airways, Samsung, Viacom, Sony, Star India, Vodafone, Titan, and Unilever. Publishers include Facebook, LinkedIn, MSN, Twitter, and Yahoo! Brightcom works with agencies like Havas Digital, JWT, Mediacom, Mindshare, Neo@Ogilvy, Ogilvy One, OMD, Satchi & Satchi, TBWA and ZenithOptiMedia, to name a few.

BCG clients include Tremor, Aol, AppNexus, Smar+, BrightRoll, Criteo, Google, Improve Digital, CBS, MediaMath, PubliR, PubMatic, Reckitt Benckiser, Spotx, Wnd, phily.com, ClarinX, OpenX, Ooyala, Fyber and Microsoft. Brightcom works with BBC, Coca-Cola, Citi Bank, Jaguar, Disney, Viacom, Western Union, Visa, MacDonald, Sony, San Miguel, Toys R Us, Toyota, Samsung, MoneyGram, Emaar, Mahindra Group, Maruti Suzuki, Levi's, Snickers, HBO, Land Rover etc.

During Q3FY21, BCG's consolidated net profit fell 3.6% to Rs.138.6 crore on 2.3% increased sales of Rs.878.5 crore fetching an EPS of Rs 2.7. For 9MFY21, its consolidated net profit rose 3.3% at Rs.343 crore on 4.4% increased sales of Rs.2,156.4 crore with an EPS of Rs 6.8. During FY20, BCG's net profit fell by 1% to Rs.440 crore on 4% higher sales of Rs.2692 crore and the EPS was Rs.9.2.

With an equity capital of Rs,101.5 crore and reserves of Rs.3, 011 crore, the book value of the share works out to Rs.61.3 as at 9MFY21. As on FY20, the cash stood at Rs.119 crore, loans given were Rs.653 crore. The value of the net block including Rs.135.8 crore of capital work-in-progress stood at Rs.158.1 crore as at FY20. Debts were Rs.36 crore. whereas other current liabilities were Rs.228 crore. Promoters hold 36.8% in the equity capital. FII's hold 0.7%, NRIs hold 9.9%, overseas corporate bodies hold 4.7% and PCBs hold 2.8%, which leaves 45.1% with the investment public.

BCG uses affiliate management software to track high volumes of impressions, clicks, or other specified actions that could come from different publishing sources, including websites, emails, search engines, and newsletters. Recently, it launched a new product 'B-local', a service to provide ad opportunities in local markets by working with news agencies that publish authentic news. It launched B-local in the US early this year and is beginning to see traction during the Covid-19 period.

BCG's future technologies division consists primarily of its LIFE product and developments in artificial intelligence, machine learning and Digital Out-of-Home (DOOH) advertising. Header bidding (selling) auction was introduced with SSP 'Compass' – sell traffic more efficiently with lesser overload to the users and improved yield. Header Bidder- Buying: BCG's bidder was implemented by several publishers and allows BCG to reach and compete for new traffic sources. Prebid JS adapter – Officially approved as a partner of Prebid.JS initiative and BCG is now one of the Prebid official partners in the market

Global digital advertising spends, which is currently at ~\$300 billion is estimated to cross ~\$500 billion by the year 2025 at a CAGR of 15%. Globally there are over 4.38 billion internet users with a growth of 1000% from the year 2000 to 2019. Acceptance of mobile and wireless devices has enabled the growth of new digital marketing platforms and digital marketing software solutions.

With presence in the US, Latin Americas, EU, EMEA (Member Countries of the European Economic Area (EEA) and the Asia Pacific regions, BCG works directly with publishers, advertisers, or anyone in between, providing a platform that allows commerce to take place.

BCG is expected to notch an EPS of Rs.10 in FY21. At the CMP of Rs.8, the share trades at a P\|E of just 0.8x. The share is expected to fetch hefty appreciation in the medium term. The 52-week high and the low of the share has been Rs 13.02\|3.81.