



CareTech Holdings PLC
("CareTech" or "the Group")

Acquisition of a Training Provider

CareTech Holdings PLC (AIM: CTH), a pioneering provider of specialist social care services in the UK, is pleased to announce the acquisition of the majority of the business and assets of Elmfield Training Ltd. ("Elmfield"), a provider of apprenticeship and vocational training funded either directly by the Skills Funding Agency ("SFA") or indirectly through clients' own SFA contracts. The acquisition has been completed as part of a pre-pack insolvency of Elmfield for a total cash consideration of £1.5m. The on-going working capital costs of the business will be funded from CareTech's cash.

The acquisition will enable CareTech to provide apprenticeship and pre-employment training. The acquired business will be rebranded EQL Solutions. The Board has for some time been evaluating an acquisition of a training business to meet the significant demand for skilled workers in the care sector. In addition the Board intends that, through EQL Solutions, it will provide vocational training for CareTech service users to further equip them with the life skills they require for independent living.

Established in 2002, and headquartered in Warrington, Cheshire, Elmfield employs approximately 350 staff. It currently has around 5,700 people enrolled on training programmes in clients outside of Morrisons, a long term contract with the SFA, and direct contracts with a diverse range of major employers in the private sector.

Under the terms of the acquisition, CareTech will take over the responsibility for the operation of all of Elmfield's client contracts apart from the high profile contract with Morrisons. Elmfield was historically profitable, the Group incurred a loss before tax of £6.4m in 2012 and underlying profitability was restored in 2013.

During the transition process, the senior team at Elmfield has successfully retained the support of stakeholders and staff through a period of uncertainty into new ownership. EQL Solutions will become part of the CareTech Group and its management team will be supported by relevant CareTech personnel.

Following successful negotiations with partners and stakeholders, including the SFA, CareTech will focus on protecting jobs and providing financial stability to the newly registered business, enabling it to deliver high quality training to learners. EQL Solutions is expected to be earnings enhancing in the first full year of ownership.

Farouq Sheikh, CareTech's Executive Chairman, said:

"CareTech is a principled provider of social care with a strong public service ethos. Our support services for young people in transition to adult life are well known for their outstanding results and for some time we have felt that a new division focusing on apprenticeships would enhance and support many aspects of our outcomes based approach.

"The acquisition of Elmfield provides an opportunity to draw the professionalism of their staff into a new and forward-looking partnership with a national social care provider.

"We are grateful for the support and assistance of the Skills Funding Agency in enabling this transaction to be successfully concluded in a timely manner."

Conference call:

There will be a conference call for analysts at 4.00pm today. Please contact Buchanan on 020 7466 5000 for dial in details.

For further information, please contact:

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