



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

**Half Year Trading Update**

CareTech Holdings PLC (AIM: CTH), a pioneering provider of specialist social care services in the UK, is pleased to announce its pre-close trading update ahead of its results for the half year ended 31 March 2018.

The Board confirms that trading for the half year is in line with market expectations. This performance has been underpinned by the strategic initiatives undertaken over recent years which have again delivered a stronger performance compared with the same period last year on all of the key financial metrics.

CareTech's care pathways continue to be a key foundation to delivering positive outcomes for our service users and to providing value for money for local authorities.

The Group's net capacity at the half year was 2,572 places (September 2017: 2,534 places), a net increase of 38 residential and supported living places. Of this total 15 additional beds were in reconfigured services for Adults, and in new services there were 10 new beds in Adults and 41 new beds in Children's. The new and reconfigured services have a higher contribution than the beds in pre-configuration and are part of an ongoing strategy to enhance margins. There were 28 beds withdrawn for reconfiguration in the half year. There was no change of capacity in fostering.

Compared with 30 September 2017, occupancy levels in the mature estate are unchanged at 93% and the blended occupancy is also unchanged at approximately 86%.

The Group expects to continue to achieve further growth by a combination of reconfiguring services and extending facilities in partnership with local authorities and the NHS and through organic developments and bolt-on acquisitions. These initiatives together underpin strong underlying future earnings growth. We also continue to seek and evaluate potential larger acquisitions to complement our organic growth.

Care commissioners continue to demand flexible high quality care solutions and favour operators able to deliver across the care pathway. Pleasingly, some of 2017's reconfigured services have opened and are already experiencing strong levels of demand from local authorities for referrals, validating our strategy of reconfiguration focusing upon greater acuity service provision.

Annual fee rate negotiations with local authorities remain at an early stage and this year are against the backdrop of an increase in the Living Wage and an increase in the Employer's rate into Automatic Enrolment workplace pension schemes from 1 April 2018. The Board anticipates that a more positive outcome will be achieved than in recent years and that these staff cost increases will be covered by fee increases.

Net debt was £146.7m at 31 March 2018, compared with £147.1m at 30 September 2017. There was investment in new properties purchased and conversion work on properties acquired earlier which, when refurbished, will open later in the year as residential services, and further continuous investment in IT systems.

We are pleased that 54 ROC Northwest apprentices and a further 9 colleagues working towards Management Level 5 diplomas have started during the half year within the Learning Division. As an employer, CareTech is a registered apprenticeship training provider in its own right and the Board is

convinced of the benefits that our apprenticeship programme has had for both our own staff and for the users of our services. The apprenticeship levy is an opportunity to continue to deliver excellence in the care sector and is a tangible example of the Group's commitment to training and retaining its workforce.

The Group is also fully committed to Disability Confident and has completed the employer scheme accreditation.

In the half year the management team has been further strengthened and we will continue to bring senior executives into the business to help build a strong foundation from which to drive growth and quality.

CareTech will announce its interim results in June 2018.

**Farouq Sheikh, Executive Chairman, commented:**

"I am pleased to report another solid performance in the six months ended 31 March 2018, highlighting the growth trajectory that our strategy is delivering. We continue to deliver our exciting growth strategy through organic initiatives and bolt-on acquisitions whilst continuing to seek larger acquisitions in the highly fragmented sector in which we operate."

For further information, please contact:

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

**About CareTech**

CareTech is a leading provider of specialist social care services, supporting adults and children with a wide range of complex needs in more than 292 specialist services around the UK.

Committed to the highest standards of care and care governance, CareTech provides its innovative care pathways through five divisions covering adult learning disabilities, specialist services, young people residential services, foster care and learning services.

CareTech, which was founded in 1993, began trading on the AIM market of the London Stock Exchange in October 2005 under the ticker symbol CTH. Its freehold portfolio comprises more than 215 properties.

For further information please visit: [www.caretech-uk.com](http://www.caretech-uk.com)