



## A NEW REHABILITATION PATHWAY FOR ACQUIRED BRAIN INJURIES

### Deal snapshot

- The shareholders of Oakleaf Care (Hartwell) Limited (Oakleaf) have sold the company to CareTech Holdings Plc (CareTech).
- Oakleaf provides brain injury rehabilitation to adult males requiring specialist care and long-term support. Based in Northamptonshire, UK, the group operates over 80 beds across a number of sites, with highly trained staff providing a seamless rehabilitation pathway of care for men with acquired brain injury (ABI). The business continues to expand, with a new 22-bed care home opening this quarter bringing the total to over 100 beds.
- CareTech is a provider of specialist social care services in the UK, supporting adults and children with a wide range of complex needs across more than 250 specialist services. This acquisition gives CareTech a presence in ABI rehabilitation, enabling it to offer additional pathways to its client care group.



### What our client said



**Ian Mosley**, CEO, Oakleaf Care (Hartwell) Limited, UK

"I would like to thank Smith & Williamson's specialist team for helping us navigate the sale process. They understood that we had never undertaken a project of this nature before, and explained and consulted with us every step of the way. They also understood the importance of our core philosophy, providing the best level of care to patients."

**Jeremy and Jackie Hunt**, Directors, Oakleaf Care (Hartwell) Limited, UK

"The result would not have been achieved without the help of Smith & Williamson's dedicated healthcare team, who provided pro-active and unstinting support throughout this transaction. Their in-depth healthcare sector knowledge and experience was crucial to achieving a successful sale."



## Our role in the transaction

Smith & Williamson, a UK member firm of Oaklins, acted as lead corporate finance advisor to the directors and shareholders of Oakleaf on the sale of the business to CareTech Holdings Plc.

## Market trends and deal drivers

- **Fee pressure and referral rates** — Although there is pressure on local authority and NHS budgets in the broader UK care market, the higher acuity care sector is better protected as a result of the specialist long-term nature of care provided by operators.
- **Outsourcing trends** — In the last 15 years, there has been a substantial move towards outsourcing specialist healthcare in the UK from the public sector to independent service providers.
- **Operational cost base** — Increases in the minimum wage, holiday entitlement and pension auto-enrolment costs have all had some impact on margins. A further consideration is the potential for a rise in compliance costs as public scrutiny of care providers increases.
- **Demand for services** — Changing demographics in the UK have resulted in further recognition of the value of ABI treatments.
- **Reputation of provider** — An important factor in the choice of a provider is its reputation, which can be influenced by publicly available reports published regularly by the regulator.
- **Local supply of staff** — The availability of trained and appropriate staff in any locality can affect the operating cost base. Competition for a limited pool of qualified staff, especially nurses, can lead to higher agency fees and higher wages.

## M&A valuation aspects

- CareTech's offer was based on an adjusted EBITDA run-rate, with the vendors benefitting from the new beds coming online.
- The transaction value was US\$30 million, which represents an attractive sales multiple.

## Oaklins industry specialist



✉ **Brian Livingston**, Managing Director, Smith & Williamson, UK

Brian has advised numerous healthcare clients, including the sale of Graham Home Care to Carewatch Care Services backed by Lyceum Capital; the sale of Panztel, a remote workforce management tool for the healthcare market, to Care Monitoring & Management Limited; and the sale of Bluebird Care, a national provider of care in the home, to Interim Healthcare; as well as a number of ongoing mandates.

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