

Clearwater advises on £5.5 million sale of locum recruitment business

Public Recruitment Group plc (PRG), the public sector recruitment and services group, has sold its locum doctor division to Healthcare Locums plc (HCL) for £5.5 million.

The London and Manchester offices of Clearwater Corporate Finance advised PRG on the sale of JCJ Locums and introduced it to the purchaser. Under the terms of the agreement, HCL will also assume JCJ Locums' £2.5 million invoice discounting facility.

The sale will allow PRG to focus on its education and social work businesses, reduce group debt and enhance its working capital. The company plans to converge its two remaining business streams in response to changes taking place in the 'child services' sector.

HCL is one of the UK's largest and fastest growing specialist healthcare recruitment companies with divisions covering doctors, allied health professionals and social work specialists. This latest acquisition is the sixth the company has made within the past seven months, the largest being the purchase of the social work agency Blue Group International Holdings for £14 million in November last year.

In the year to December 2006, JCJ Locums had a turnover of £26.7 million, up from £23.8 million the previous year, and made a profit before tax of £0.5 million, compared with a loss of £0.2 million in 2005.

Commenting on the disposal, Darren McLaney, chief executive of PRG, said: "We have taken the decision to dispose of our locum doctor business to concentrate on the more profitable education and social work divisions where we have significant market share. The current locum doctor market is a very competitive environment with low margins. We believe we have achieved a good price for the business given the difficult trading conditions that NHS suppliers are operating within."

Mike Reeves of Clearwater, said: "We were pleased to be able to broker this deal, which offers significant benefits for both sides. PRG is the market leader in the supply of qualified teachers and its market share is increasing. This sale of the locum business will allow it to concentrate on its education and social work arms and by converging the two, to pursue opportunities for additional growth.

Marc Gillespie of Clearwater, who advised on the sale of Blue Group to HCL in November, added: "JCJ Locums is an excellent fit with HCL and the synergies between the two companies will enable it to substantially enhance JCJ's profitability. It will also allow HCL to continue its expansion in the locums sector."

Mike Reeves, Marc Gillespie and Ben Wilson of Clearwater advised PRG.