

Sanderson Group (SND)

AIM



FLASH NOTE - AGM STATEMENT

- The AGM Statement released on 28 February revealed that in the first four months of the current financial year, from 1 October 2012 to 31 January 2013, both sales and profit were ahead of the corresponding period a year earlier. With the previous year having ended strongly it is pleasing to see that positive momentum is being maintained despite tricky market conditions.
- The latest update provides further evidence that ongoing growth can be delivered. The fact that profit was up year-on-year in the first four months coupled with the high level of sales derived from pre-contracted recurring revenues means that the anticipated progress in the current year is well on track to be delivered.
- Growth opportunities are being fully exploited. For example, Sanderson has developed a strong presence in the catalogue, online sales and ecommerce markets, which continue to increase in size.
- The company has a strong balance sheet with net cash of £4.1m as at 30 September 2012 and as well as providing reassurance that the progressive dividend policy will be continued, this means there is plenty of ammunition for any suitable acquisitions. A cautious approach is being taken in this respect and any deal which is completed is likely to be earnings enhancing, driving further value without taking undue risk and a number of small opportunities are currently being considered.

Results and Consensus Forecasts

Year to 30th September	Revenue (£m)	Pre-Tax Profit* (£m)	Earnings per share*(p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2011A	14.1	0.4	1.1	46.4	0.75	1.5
2012A	13.4	1.5	3.0	17.0	1.20	2.4
2013E	14.0	2.1	4.1	12.4	1.50	2.9
2014E	15.1	2.5	4.3	11.9	1.60	3.1

* from continuing operations with 2011 numbers restated to account for sale of Sanderson RBS

KEY DATA

Share Price:	51p
Prospective p/e ratio (2013):	12.4x
Prospective net yield (2013):	2.9%
Market Capitalisation:	£22.3m
Next Results Due (Interims):	MAY
Net Cash (at 30 Sep):	£4.1m
NAV per share:	45.9p



BULLET POINTS

- Upbeat AGM Statement confirms that the business continues to make solid progress
- Pre-contracted recurring revenues cover over two-thirds of overheads
- Strong balance sheet with net cash position and ongoing cash generation
- Progressive dividend policy looks highly likely to be maintained
- The shares continue to trade on a modest rating despite their strong recent performance

Date of Report : 6 March 2013

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About Sanderson

- Sanderson is a supplier of innovative software solutions and IT services focussed on multi-channel retail and manufacturing markets in the UK and Ireland. The group develops long term relationships with its customers with the majority of product development being customer led and offering tangible benefits. The group delivers solutions to numerous organisations with turnovers typically between £5m and £250m. Its customers include many household names, such as Mothercare, Hotel Chocolat, Beaverbrooks and Scotts of Stow.
- The group's solutions now primarily consist of Sanderson proprietary owned software, integrated with other market-leading products being delivered, supported and serviced by Sanderson staff. Sanderson's contracts for both software and support and maintenance provide it with a solid recurring revenue base. In the last financial year multi-channel retail accounted for 58% of operating profit and 42% came from manufacturing.
- Following the sale of Sanderson RBS in January 2012, for cash of £11.7m, the group has concentrated on developing and growing its businesses both in the expanding multi-channel retail and ecommerce markets as well as in selected manufacturing markets. This investment has focused on developing new products and services, such as warehouse automation and, increasingly, mobile applications. The group's sales and marketing capabilities have also been strengthened.

GENERAL INFORMATION

COMPANY DATA

Stockbrokers:
Charles Stanley

Contact Address:
Sanderson House
Manor Road
Coventry
CV1 2GF

www.sanderson.com

Information:
Christopher Winn
Chairman
Adrian Frost
Finance Director
t– 0333 123 1400

FINANCIAL CALENDAR

Final Dividend Payment:	29 March 2013
Interim Results Period End:	31 March 2013
Interim Results Due:	14 May 2013
Interim Dividend Payment Date:	16 August 2013
Next Year End:	30 September 2013
Final Results Due:	27 November 2013
The above dates should only be used for guidance	

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1 Skipton Road
Ilkley
West Yorkshire
LS29 9EH

Tel : 01943 886602
Fax : 01943 886601
Email : info@brokerlink.co.uk
www.brokerlink.co.uk

