

**SANDERSON GROUP (AIM:SND)**

Share price 65p

**Solid trading update and presentation today**Date: **22nd April 2015****Sector:** Software & Computer Services

Market Cap: c£36m

[www.sanderson.com](http://www.sanderson.com)

The software and IT services business specialising in multi-channel retail and manufacturing markets in the UK and Ireland, has issued a solid pre-close trading update ahead of the announcement of its interim results for the six months ended 31 March 2015.

**- Revenue and profit up 10%**

The Group's trading results for the six month period ending 31 March 2015 will show revenue and profit growing by just over 10% with revenue of £9m (March 2014; £7.94m). Sales order intake was £4.9m, compared with £4.3m in the prior year period, with the existing customer base being particularly active. The order book at 31st March 2015 was very strong at £2.8m (March 2014: £2.5m) and pre-contracted recurring revenues continue to represent over 50% of total revenue. The net cash balance was approximately £4m on 31<sup>st</sup> March 2015.

**- Continuing growth in multi-channel retail**

The Sanderson businesses which address customers in the multi-channel retail markets, enjoyed continued growth very much driven by the expansion of mobile commerce and ecommerce.

[Proteus Software](#), which was acquired on 5th December 2014, has made a steady start as part of Sanderson and has made a positive contribution. Proteus, which is based in Birmingham, provides warehouse management solutions to businesses operating in the areas of third party logistics, warehouse management and supply chain distribution.

The Sanderson businesses in the Manufacturing division, which are focused on supplying the

manufacturing market sector with software and service solutions, delivered a flat trading performance as compared with the prior year period. The Manufacturing division's order intake improved in the period and there is a strong order book, with good sales prospects going into the second half year.

**- Cautiously confident**

Management commented that the Group continues to seek complementary acquisitions, but during the current year, the priority is to remain focused on delivering 'on target' results.

Caution remains the watchword but a strong order book and healthy balance sheet together with a long list of sales prospects, provides a good level of confidence that they will continue to make further progress and deliver trading results in line with market expectations for the current year ending 30 September 2015.

**- Forecasts**

Current year forecasts for the full year ending September 2015 remain for sales of £17.3m, normalised profit before tax of £3.1m, normalised earnings per share of 4.55p and a dividend of 1.90p. The Proteus acquisition will probably lift the sales line, although we wouldn't expect to see any movement in profit.

At the current share price of 65p this results in a current year multiple of approximately 14.3x normalised earnings.

Several of the Group's software offerings appear to offer the desired protective moat, reflected in the high level of recurring revenue.

The newer One iota business, which has enabled entry into the areas of mobile enabled online sales, ecommerce and catalogue sectors are presenting today at the Group's broker. The One iota team will be providing an overview of how in-store mobile and ecommerce solutions are transforming bricks and mortar retailers, and more generally the opportunities currently happening in retail, future technology in retail and growth opportunities for mobile and ecommerce solutions for the Group.

We will probably see more detail on the impact of the Proteus announcement in the Interim results which are scheduled to be released on Tuesday 9<sup>th</sup> June 2015.

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