

Sanderson Group (SND)

AIM



FLASH NOTE - TRADING UPDATE

- A pre-close trading update covering the six months to 31 March 2015 has been released and the company is confident that expectations for the full year will be met.
- Double-digit growth in both revenue and profit should be achieved, with revenue set to be £9m versus just under £8m in the first half of last year. Pre-contracted recurring revenue continues to account for over half of total revenue and the order book was £2.8m versus £2.5m a year earlier.
- The part of the business which covers multi-channel retail is performing particularly well, driven by the expansion of mobile commerce and ecommerce. Recent acquisition Proteus has made a positive contribution.
- Net cash was approximately £4m at the period end, the equivalent of over 7p per share. This leaves the business well funded and able to move quickly should any interesting acquisition opportunities arrive.
- Sanderson operates in an interesting niche area and the development of multi-channel retail presents significant opportunities. Recurring revenues and a strong balance sheet mean that the downside is limited. The trading update suggests that current forecasts are undemanding.

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 (%)
2013A	13.8	2.2	4.2	15.2	1.5	2.3
2014A	16.4	2.7	4.4	14.5	1.8	2.8
2015E	17.2	3.0	4.8	13.3	1.9	3.0
2016E	18.3	3.3	5.0	12.8	2.0	3.1

* - adjusted; ** - diluted adjusted

KEY DATA

Share Price:	64p
Prospective p/e ratio:	13.3x
Prospective net yield:	3.0%
Market Capitalisation:	£34.9m
Next Results Due (Interims):	JUN
Net Cash (31 March 2015):	£4m
NAV per share (30 Sept 2014):	47.8p



2014/15 Price Range: 76p/59p

BULLET POINTS

- The trading update confirms that forecasts for the current year remain sensible
- Both revenue and profit up over 10% year-on-year
- Significant recurring revenues are an attractive feature
- Proteus has been integrated well and is making a positive contribution
- Persistent net cash position and healthy balance sheet

Date of Report : 22 April 2015

www.brokerlink.co.uk

About Sanderson

- Sanderson is a supplier of innovative software solutions and IT services, specialising in the 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 Hotel Chocolat, Beaverbrooks, Thorntons, Sodexo and Machine Mart.
- 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 which represents over 50% of total revenues.
- Sanderson has expanded steadily over recent years, growing through a mixture of organic growth and acquisition and this progress is expected to continue. The group continues to invest in product development and it is now recognised as an established provider of software and IT services in the UK and Ireland, particularly focussed on manufacturing and multi-channel retailing.

GENERAL INFORMATION

COMPANY DATA		FINANCIAL CALENDAR	
Stockbrokers: Charles Stanley	Information: Christopher Winn Chairman Adrian Frost Finance Director t- 0333 123 1400	Interim Results Due:	9 June 2015
Contact Address: Sanderson House Manor Road Coventry CV1 2GF		Ex-Dividend Date:	July 2015
www.sanderson.com		Interim Dividend Payment:	August 2015
		Next Year End:	30 September 2015
		Final Results Announcement:	November 2015
		Expected AGM Date:	March 2016
SIGNIFICANT SHAREHOLDERS		The above dates should only be used for guidance	
	Number	%	
C Winn	11,786,924	21.7	
Hargreave Hale	7,375,654	13.6	
Living Bridge	4,818,257	8.9	
Miton Capital Partners	4,254,522	7.8	
AXA Framlington Asset Management	2,500,000	4.6	
Helium Rising Stars Fund	2,394,753	4.4	
Unicorn Asset Management	1,767,572	3.3	
Downing One VCT PLC	1,636,908	3.0	

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