

Sanderson Group (SND)

AIM



FLASH NOTE - AGM STATEMENT

- The AGM statement has confirmed that the group has made a good start to the financial year. The trading results for the four months to 31 January are ahead of the same period last year, whilst order intake is also ahead of last year with the order book higher than the £2.41m reported at 30 September 2014.
- The manufacturing division has made a positive start, gaining six new customers during the period, compared with nine in the last financial year. The division has therefore achieved an improved level of trading. The multi-channel retail division has also achieved growth overall, despite a slowdown in the wholesale distribution and cash and carry market. One iota, which was acquired in October 2013, generated higher revenues in the period than in the whole of the full year prior to acquisition, whilst the Proteus business, acquired in December 2014, has made a steady start as part of the group.
- The group continues to invest in product development with most of this being expensed as incurred and not capitalised, whilst additional investment is being seen in operational management and sales and marketing. This is not expected to have an adverse impact on profitability in the current year.
- The group remains well managed and well financed (net cash was £6.16m at 30 September 2014) with over 50% of revenues being of a recurring nature.
- The group is well-positioned to make further progress with a strong balance sheet and order book. With pre-tax profits forecast to increase to £3.0m this year for earnings per share of 4.7p, a rating of 14.1x looks good value.

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	15.8	1.5	2.3
2014A	16.4	2.7	4.4	15.1	1.8	2.7
2015E	17.2	3.0	4.7	14.1	1.9	2.9
2016E	18.3	3.3	5.0	13.3	2.0	3.0

* adjusted

** diluted adjusted

KEY DATA

Share Price:	66.5p
Prospective p/e ratio:	14.1x
Prospective net yield:	2.9%
Market Capitalisation:	£36.2m
Next Results Due (Interims):	JUNE
Net Cash (at 30 Sept 2014):	£6.16m
NAV per share:	47.8p



BULLET POINTS

- The group has made a good start to the financial year
- Order intake ahead of last year with order book higher than at year end
- Strong balance sheet with net cash position and ongoing cash generation
- Progressive dividend policy
- Further growth forecast for both this year and next
- The shares continue to trade on a relatively modest rating

Date of Report : 3 March 2015

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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 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

Stockbrokers:

Charles Stanley

Information:

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FINANCIAL CALENDAR

Ex-Dividend Date: 5 March 2015

Final Dividend Payment Date: 20 March 2015

Interim Results Period End: 31 March 2015

Interim Results Due: June 2015

Next Year End: 30 September 2015

Final Results Due: November 2015

The above dates should only be used for guidance

SIGNIFICANT SHAREHOLDERS

	Number	%
C Winn (Chairman)	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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