

SANDERSON GROUP**(AIM:SND)****Share price 61p**Date: **28th February 2013****Sector: Software & Computer
Services**

Market Cap: c£32m

www.sanderson.com**AGM statement confirms all going well**

The software and IT services business specialising in multi-channel retail and manufacturing markets issued a positive AGM statement

- Positive start to the year

There was confirmation of a good start to the current financial year ending 30th September 2014 with order intake and the order book ('like-for-like' basis, excluding acquisitions) ahead of the comparative period and underpinned by a continued increase in the level of business from new customers.

One iota, which was acquired just after the start of the current financial year on 7th October 2013, has made a very positive start.

- Food and drink fuelling growth

Growth in the Group's manufacturing division is being driven by the food and drink processing market, the performance of which is more than offsetting continuing weakness in the Group's general manufacturing business.

Food and drink processing represents one of the fastest growing sectors of UK manufacturing and Sanderson is well placed to continue growth in this sector, with an excellent product suite.

- Online still showing robust growth

Online sales, ecommerce and catalogue sectors are continuing to experience double digit growth rates, driven by the adoption of mobile solutions across all markets. This growth is more than offsetting a gradual decline in the Group's business which

addresses the traditional mail order market, which was the foundation of the business.

- Recurring revenue model

It's reassuring that over half of Group sales are derived from pre-contracted recurring revenues, the margin from which covers over two-thirds of business overheads and offers excellent visibility.

While there has been significant investment in the development of mobile solutions most of these development costs will continue to be expensed as they are incurred.

- Acquisitions

In order to augment the Group's organic growth, two complementary acquisitions were completed in the last 6 months. In August 2013, Catan Marketing Limited, which provides ecommerce solutions under the PRIAM trading name, was acquired for a maximum consideration of £644,600. On 7th October 2013, and therefore at the start of the new financial year, One iota Limited was acquired for a maximum aggregate consideration of £5.43m. One iota is a leading provider of cloud-based multi-channel retail solutions and the acquisition further strengthens the Group's position in the rapidly expanding mobile enabled ecommerce and online sales markets.

The short term priority has been the successful integration of these businesses.

- Broker forecasts

House broker forecasts for the full year ending September 2014 remain for sales of

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£16.1m, normalised profit before tax of
£2.7m, normalised earnings per share of
4.39p and a dividend of 1.60p, equating to
a yield of 2.60% at the current share price.

Gross margins are predicted to remain
stable at approximately c86/87% with
estimated Corporation Tax of £200k for
FY14, increasing to £500k in FY15 as they
become fully tax paying.

- Outlook

Management outlook has moved to
"cautiously optimistic"!

The Group's expanding suite of propriety
software and expanding e-commerce
offering supported by a robust balance
sheet remains compelling. As the UK
economy improves Sanderson looks well
placed to benefit.

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