



Sanderson Group PLC - SND AGM Statement  
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**SANDERSON GROUP PLC**

**Annual General Meeting ('AGM') Statement**

Sanderson Group plc ('Sanderson' or 'the Group'), the specialist provider of digital technology solutions, innovative software and managed services for the retail, wholesale, supply chain logistics, food and drink processing and manufacturing market sectors, will hold its AGM in Coventry at 11.00 am, today. At the AGM, Chairman, Christopher Winn, will make the following statement to shareholders:

"Following strong, above target results for the year ended 30 September 2018, the Group has made a good start to the current financial year ending 30 September 2019. At the end of the first quarter, to 31 December 2018, Group revenue and profit are approximately 20% ahead of the comparable prior year period reflecting organic growth and an additional two months contribution from the acquisition of the Anisa Group, which was completed in November 2017. Sales order intake levels in the first quarter have also been encouraging with an increased number of new customers gained compared with the prior year period. The order book has grown, providing a good level of confidence going into the second quarter of the financial year.

The Board remains committed to maintain a strong balance sheet which is supported by the Group generating cash at least in line with its operating profit. This is underpinned by growing pre-contracted recurring revenue and long-term customer relationships. The cash balance at 21 January 2019 was £6.36 million (30 September 2018: £6.47 million). This balance is stated after a planned net outflow of £1.35 million for deferred consideration and the redemption of loan notes relating to the November 2017 acquisition. As part of the acquisition, the Group assumed a five-year term debt facility with an outstanding balance of £4.13 million. After scheduled repayments, this has been reduced to £2.98 million, leaving the Group in a positive net cash position of £3.38 million as of 21 January 2019 (30 September 2018: £3.03million).

The Group's Digital Retail division has continued to grow both revenue and operating profit at double-digit rates. Notwithstanding reports of mixed trading performances from retailers generally, the Sanderson Digital Retail division remains active with good sales prospects, a number of ongoing pilot projects and continuing levels of sales activity in the existing customer base. Solutions offered by the division support retailers in addressing the growing trend of increased on line and mobile shopping. The Sanderson Enterprise division has made an encouraging start to the year with momentum continuing to build following an improved performance in the second half of the previous financial year. In the manufacturing sector, sales prospects have shown some improvement, particularly in the food and drink processing business, however sales cycles remain protracted. Sales momentum in the wholesale distribution sector is strong and is driven by a newly developed suite of business solutions. The supply chain logistics business continues to deliver robust results and has strong sales prospects.

Continuing growth and strong cash generation enables the Board to recommend a final dividend of 1.75 pence per share for approval at today's AGM. This will make a total dividend for the year ended 30 September 2018 of 3.00 pence per share, representing an increase of over 13% from the previous year (and an increase in excess of 40% over the last three years, from the 2.10 pence paid for the year ending 30 September 2015). The Board continues to adopt a cautious approach and is mindful of the current levels of economic uncertainty surrounding Brexit, but the Group's robust business model, cash-backed balance sheet and good start to the year with strong sales prospects provide the Board with a continued good level of confidence that Sanderson will make further progress in the current financial year ending 30 September 2019."

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