



Sanderson Group PLC - SND Acquisition of Anisa Holdings valued at £12million
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SANDERSON GROUP PLC

Acquisition of Anisa Consolidated Holdings Limited, valued at £12 million

Sanderson Group plc ('Sanderson' or 'the Group'), the software and IT services business specialising in digital retail technology and enterprise software for businesses operating in the manufacturing, wholesale distribution and logistics sectors, is pleased to announce the acquisition of Anisa Consolidated Holdings Limited ('Anisa') for an enterprise value of £12.0 million.

Anisa specialises in the delivery of world-class integrated supply chain and enterprise resource planning ('ERP') solutions and has around 250 customers who are provided with twenty-four hour support on a worldwide basis throughout the year. Anisa employs over 90 staff and operates from office locations in London, Runcorn, Liverpool and Solihull within the UK and from smaller support operations in Singapore and Australia. Anisa complements the Enterprise division of Sanderson and the enlarged, merged business is expected to provide and develop incremental and synergistic market opportunities. The managed services, hosting services and cloud delivery services which have been developed by Anisa represent an exciting and enhanced service delivery option for existing Sanderson customers.

For the period ended 31 December 2016, Anisa had audited revenue of £10.04 million, including pre-contracted recurring revenues representing over 50% of total revenue and reported operating profit of £0.38 million. Profit before taxation was £73,000. At 31 December 2016, Anisa had net assets of £6.54 million.

The Anisa executive team of Mr Ross Telford, Chairman, Mr David Renshaw, Chief Executive and Mr Lionel Moore, Finance Director will remain with Anisa and are committed to making the acquisition a success. They have demonstrated their commitment to the enlarged Group by agreeing to a minimum 'lock-in' period of three years for their new Sanderson ordinary shares.

The purchase consideration for the acquisition comprises an initial £3.39 million, made up of approximately £2.06 million in cash which is being financed from existing Sanderson

cash resources and by the issue of 1,894,217 new Sanderson 10p ordinary shares valued at 70p, which are subject to a lock-in period of three years. Further consideration of £1.82 million is payable to Anisa share option holders to be satisfied by cash or new Sanderson shares (also subject to a lock-in period of three years) at a price of 70p by 31st December 2017, dependent on the choice of the option holder. Sanderson is also taking over Anisa's utilised five-year repayable term debt facility (final quarterly repayment being due in 2020) of £4.12 million as well as a current account positive cash balance of just over £1 million. Furthermore, loan notes with a coupon of 5% to the value of £1.05 million will be repaid by October 2018. Deferred consideration, totalling £1.63 million is payable in three tranches. The first payment of £563,000 is payable in April 2018 and the second payment for the same amount, payable in October 2018; both tranches are unconditional. A third and final deferred payment of up to £500,000 is scheduled for April 2019, dependent upon some pre-agreed trading performance criteria. Both Anisa and Sanderson are very cash generative businesses and it is expected that the combined Group will have total revenues of over £30 million, of which more than 50% is pre-contracted recurring revenue. The combined Group will have no net bank debt thereby maintaining a good and strengthening balance sheet. The Board believes that Anisa is a well-managed cash generative business which will be earnings enhancing from the outset.

Application has been made to the London Stock Exchange for the 1,894,217 new ordinary shares to be admitted to trading on AIM ('Admission') and it is expected that Admission will take place at 8.00 a.m. on 29 November 2017. The new ordinary shares will, when issued, be credited as fully paid and will rank pari passu with the existing ordinary shares of 10 pence each in the capital of the Group including the right to receive all future dividends and distributions declared, made or paid by reference to a record date falling after their issue.

Following admission of the 1,894,217 new ordinary shares, the Group's issued share capital will comprise 56,964,885 ordinary shares of 10 pence each. The above figure may be used by Shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in, the Group under the Financial Conduct Authority's Disclosure and Transparency Rules.

Sanderson is scheduled to announce its preliminary trading results for the year ended 30 September 2017, on Tuesday, 28 November 2017.

Commenting on the acquisition, Group Chief Executive, Ian Newcombe, said:

"We are delighted to welcome the Anisa team, led by Ross Telford, David Renshaw, and Lionel Moore, together with their Anisa colleagues to Sanderson and we are excited by the prospect of combining our two strong, well-positioned businesses and by the opportunities that will arise from working closely together in the future."

Also, commenting on the acquisition, Chairman, Christopher Winn, said:

"Anisa and Sanderson have known each other for many years and though this transaction is a Sanderson acquisition, it feels more like a merger. Whilst Anisa and Sanderson have rarely competed in their respective target markets, they are very complementary in terms of their ethos and business model - providing cost-effective solutions, supported by providing quality service to customers thereby building and developing long-term relationships. The strategy of the combined business is to continue to develop the existing range of products and services delivered to existing customers; to further invest and develop the Anisa relationships with strategic partners and to provide additional investment in order to accelerate growth opportunities by attracting even more new customers.

Our enlarged Group provides a great opportunity to further build shareholder returns and shareholder value and we value and appreciate the confidence shown by the Anisa team, in agreeing to hold their new Sanderson shares for at least a period of three years. We believe that our enlarged Group provides a great opportunity to further increase returns and value for Sanderson shareholders."

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