

Sanderson Group (SND)

AIM



FLASH NOTE — AGM STATEMENT

- The latest update from Sanderson is reassuring and clearly demonstrates that the benefits of the Anisa Group acquisition, completed last November, are feeding through as anticipated.
- Like-for-like trading excluding Anisa has also been strong and on this basis revenue was up around 5% and operating profit around 10% higher in the four months to 31 January 2018 versus the same period a year earlier.
- The company's market capitalisation has moved above £50m and this could prove to be an important psychological level in attracting the attention of more institutional investors.
- Even after the Anisa acquisition Sanderson holds net cash. This should ensure that the progressive dividend policy can continue and also provides firepower should further opportunities to make acquisitions arise.
- The share price has been strong recently but this is justified, particularly given the benefits of the Anisa acquisition and the fact that the underlying business continues to grow with the like-for-like order book 20% higher than a year earlier. Sanderson is a niche player and its Digital Retail businesses in particular appear to have exposure to attractive long term opportunities.

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 (%)
2016A	21.3	3.4	5.5	16.3	2.40	2.7
2017A	21.6	3.7	6.3	14.2	2.65	3.0
2018E	30.4	4.7	6.4	14.0	2.80	3.1
2019E	33.2	5.2	6.9	13.0	3.00	3.4

* - adjusted; ** - diluted adjusted

KEY DATA

Share Price:	89.5p
Prospective p/e ratio:	14.0x
Prospective net yield:	3.1%
Market Capitalisation:	£53.1m
Next Results Due (Interims):	MAY
Net Cash (30 Sept):	£6.18m
NAV per share (30 Sept):	50.8p



BULLET POINTS

- Sanderson rarely disappoints and the latest trading update confirms expectations for the current year remain sensible
- Order book is in very good shape
- We continue to believe that Digital Retail businesses in particular have significant potential
- Net cash position
- Further acquisitions may supplement organic growth in the coming years

Date of Report : 15 February 2018

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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.
- 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 around 55% of total revenues.
- Sanderson has expanded steadily over recent years, growing through a mixture of organic growth and acquisition, including the acquisition of Anisa Group in November 2017, 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, logistics and multi-channel retailing.

GENERAL INFORMATION

COMPANY DATA

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Information:
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Chairman
Ian Newcombe
Chief Executive
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FINANCIAL CALENDAR

Interim Results Due:	May 2018
Year End:	30 September 2018
Final Results Announcement:	November 2018
Expected AGM Date:	February 2019

The above dates should only be used for guidance

Significant Shareholders

Ordinary shares of 10p each

	%
C Winn	19.9
Cannaccord Genuity	8.9
Living Bridge	8.4
Miton Asset Management	6.9
Brooks Macdonald Asset Management	4.2
Unicorn Asset Management	4.1
D Renshaw	3.5

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