

Sanderson Group (SND)

AIM



FLASH NOTE—TRADING UPDATE

- A pre-close trading update has been released with revenue in the year recently ended now due to be ahead of previous expectations and profit in line with previous expectations.
- Sanderson is confident that it should be able to make further progress in the year to 30 September 2017 and given the strength of the order book there is already a strong platform to build upon.
- Sales order intake has risen to over £12m (2015: £10.0m) and interestingly £3.8m was gained from new customers versus £2.0m in the previous year. Pre-contracted recurring revenues accounted for more than half of total revenue.
- The net cash balance as at 30 September 2016 was £4.30m, reflecting strong cash generation offset by £1.6m of deferred consideration for acquisitions and total dividend payments of £1.2m in the year.
- Full year results are scheduled to be released on 30 November 2016. This announcement will add further detail to today's trading update. The company has hinted that there is potential for acquisitions and given the manner in which Sanderson is managed we feel that any deals are likely to drive further shareholder value from the outset.

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 (%)
2014A	16.4	2.7	4.4	14.5	1.8	2.8
2015A	19.2	3.2	4.9	13.1	2.1	3.3
2016E	21.0	3.4	5.1	12.5	2.3	3.6
2017E	22.0	3.6	5.2	12.3	2.5	3.9

* - adjusted; ** - diluted adjusted

KEY DATA

Share Price:	64p
Prospective p/e ratio:	12.5x
Prospective net yield:	3.6%
Market Capitalisation:	£35.1m
Next Results Due (Finals):	NOV
Net Cash (31 March):	£3.39m
NAV per share (31 March):	49.1p



2015/16 Price Range: 87p/59p

BULLET POINTS

- In the year to 30 September 2016 revenue was ahead of expectations and profit in line
- Strong order book
- Net cash position
- Complementary acquisitions may be on the horizon
- Full year results due out at the end of next month

Date of Report : 19 October 2016

www.brokerlink.co.uk

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 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:
N+1 Singer

Contact Address:
Sanderson House
Manor Road
Coventry

Information:
Christopher Winn
Chairman
Ian Newcombe
Chief Executive
Adrian Frost
Finance Director
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FINANCIAL CALENDAR

Year End:	30 September 2016
Final Results Announcement:	30 November 2016
Expected AGM Date:	March 2017
Final Dividend:	March 2017
Interim Results Due:	June 2017

The above dates should only be used for guidance

Significant Shareholders

Ordinary shares of 10p each

	%
C Winn	21.5
Hargreave Hale	14.5
Living Bridge	8.8
Miton Asset Management	7.8
Downing ONE VCT	5.0
Unicorn Asset Management	4.4
Helium Rising Stars Fund	3.9

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