

## Sanderson Group (SND)

AIM



### FLASH NOTE — TRADING UPDATE

- A positive pre-close trading update has been released ahead of interim results for the six months ended 31 March, due out on 15 May. Results for the period were ahead of expectations and this leaves Sanderson well positioned to make further progress moving forwards.
- Both revenue and operating profit were up strongly, the former growing to approximately £17.0m (2018: £14.6m) in the period and operating profit up by around a third from £2.1m to £2.8m under IFRS 15.
- There was further evidence of the long term potential of the Digital Retail division, which delivered double-digit growth in both revenue and operating profit. Sales order intake has also been strong.
- Cash generation remains a key feature and as at 31 March 2019 net cash was £3.29m versus £1.39m a year earlier. The company is well placed to maintain its progressive dividend policy.
- As always, the company is keeping its feet on the ground and is mindful of the potential impact of factors outside its control. However, it is clear that current forecasts are conservative and we believe that potential for the Digital Retail division means that there should be sustained growth ahead.

### 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 (%)
2017A	21.6	3.7	6.3	16.0	2.65	2.6
2018A	32.1	4.8	7.6	13.3	3.00	3.0
2019E	34.0	5.3	8.0	12.6	3.30	3.3
2020E	36.0	5.8	8.8	11.5	3.60	3.6

\* - adjusted; \*\* - diluted adjusted

### KEY DATA

Share Price:	101p
Prospective p/e ratio:	12.6x
Prospective net yield:	3.3%
Market Capitalisation:	£60.6m
Next Results Due (Interims):	MAY
Net Cash (30 September):	£3.03m
NAV per share (30 September):	57.3p



### BULLET POINTS

- Results for the first half of the current financial year ahead of expectations
- Group revenue and profit were both up strongly in the period
- The order book was around £8.0m as at 31 March 2019 as a result of growing sales order intake
- Net cash as at 31 March 2019 was £3.29m, also ahead of management's expectations

Date of Report : 16 April 2019

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## About Sanderson

- Sanderson is a 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. 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.
- 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.

## GENERAL INFORMATION

### COMPANY DATA

**Stockbrokers:**  
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**Information:**  
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Chairman  
Ian Newcombe  
Chief Executive  
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### FINANCIAL CALENDAR

Interim Results Due: 15 May 2019  
Interim Dividend Ex-div Date: July 2019  
Interim Dividend Payment: August 2019  
Year End: 30 September 2019  
Final Results Announcement: November 2019  
Expected AGM Date: January 2020

The above dates should only be used for guidance

### Significant Shareholders

#### Ordinary shares of 10p each

	%
C Winn	13.3
Cannaccord Genuity	11.7
Gresham House Asset Management	9.6
Alto Invest	5.6
Brooks Macdonald Asset Management	4.2
Unicorn Asset Management	4.0
D Renshaw	3.5

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