



SMALL CAP SHARE COMMENT

Commissioned Commentary

SANDERSON GROUP (AIM:SND)

Share price 138p

Takeover approach

Date: 1st August 2019

Sector: Software & Computer Services

Market Cap: c£83m

www.sanderson.com

The specialist provider of digital technology solutions, and a business we have followed since 2010 when the share price stood at a lowly 25p, has received a cash takeover approach at a price 140p per share.

The acquirer, US headquartered [Aptean Group](#), is a global provider of mission-critical, industry-specific software solutions, serving approximately 2,500 organisations in more than 20 industries across 54 countries.

The consideration, valuing Sanderson Group at approximately £90m, represents a premium of 9.8% to yesterday's closing price of 127.5p and a 42% premium to the average closing price of 98.6p for the 12 months ending on 31 July 2019.

The acquisition is to be effected by means of a Court-sanctioned scheme of arrangement – more on that below.

Aptean has already received irrevocable undertakings to vote in favour of the Scheme from 39.3% of Sanderson shareholders, including Chairman Christopher Winn who holds 13.2% of the equity.

In respect of the deal, Mr Winn commented:

"The Board of Sanderson is unanimously recommending this offer to shareholders, viewing it as an endorsement of the Board's strategy and achievement of its execution to date. Considerable shareholder value has been delivered by a progressive dividend policy over the years and this offer now enables

shareholders to realise the rewards for their patience, support and investment over the past few years."

Aptean was formed through the combination of CDC Software Corporation and Consona Corporation in 2012 and is headquartered in Alpharetta, Georgia, USA with additional offices across North America, Europe, and Asia Pacific, as well as an extensive partner channel.

Aptean is ultimately controlled by funds managed and advised by [Vista Equity Partners](#) and [TA Associates](#), two substantial US based investment firms.

For the last financial year to 31 December 2018, the Aptean Group had approximately \$180 million of consolidated revenues and \$65 million in EBITDA.

The Sanderson Board has considered the opportunity which the acquisition provides for Sanderson Shareholders to realise the value of their holdings in cash at an attractive premium, especially in the context of a relative lack of liquidity in Sanderson Shares in the current market environment, and believes the offer price of 140p in cash provides attractive value.

TVN Reddy, Chief Executive Officer of Aptean, commented:

"The acquisition of Sanderson is a significant development for our business, it provides us with a critical entry-point into the UK market, building upon our leading position in the US market and granting an opportunity to accelerate our



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strategy of becoming the leading global provider of mission critical ERP and supply chain management software to the manufacturing, distribution, and other focused industries."

The Court-sanctioned scheme of arrangement requires the approval of at least 75% of Sanderson shareholders and is expected to become effective in the third quarter of 2019, with shares

cancelled from trading on AIM at this time.

Assuming no rival bid emerges, which seems unlikely, those investing for Inheritance Tax planning purposes should be mindful of selling their shares before the acquisition becomes unconditional.

We will certainly be sorry to see another excellent business leave AIM.

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