



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



Investor's Champion Ltd

Langwood House,
63-81 High Street,
Rickmansworth, Herts WD3 4DZ
www.investorchampion.com

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.

DISCLAIMER

This document is issued by Investors Champion. Investors Champion is a registered trade mark of Investors Champion Ltd who does not undertake investment business in the UK and therefore does not buy or sell shares, although it and individuals and companies associated with it may own shares. Investor's Champion Ltd does not make recommendations.

The conclusions and opinions expressed in this commentary accurately reflect the views of Investor's Champion Ltd. The company commented on in this Commissioned Commentary pays a fee to Investor's Champion Ltd in order for the commentary to be made available. While the information in the commentary is believed to be correct, this cannot be guaranteed.

If a 'Fair Value' price is given in a commentary this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. This commentary is issued in good faith but without legal responsibility and is subject to change or withdrawal without notice. This information does not constitute advice or a personal recommendation or take into account the particular investment objectives, financial situations or needs of individual clients. You are recommended to seek advice concerning suitability from your investment advisor.

Investors should be aware that past performance is not necessarily a guide to the future and that the price of shares, and the income derived from them, may fall as well as rise and the amount realised may be less than the original sum invested. For AIM shares, it is the opinion of the regulator that risks are higher. Furthermore the marketability of these shares is often restricted.

This commentary is based on current public information that we consider reliable, but we do not represent it is accurate or complete and it should not be relied on as such. This commentary is not an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal. Our commentaries are distributed primarily electronically and, in some cases, in printed form. No part of this commentary may be reproduced or distributed in any manner without the written permission of Investors Champion Ltd. Investors Champion Ltd specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect. This document must not be accessed or used in any way that would be illegal in any jurisdiction.

Investor's Champion Ltd is not regulated by the Financial Conduct Authority (FCA)