

## Sanderson Group (SND)

AIM



### FLASH NOTE — TRADING UPDATE

- Final results are due to be released on 26 November and a pre-close trading update has been released ahead of this news.
- Results are set to be slightly ahead of market expectations. The acquisition of Anisa Group in November 2017 has had an obvious positive impact but there has also been organic revenue growth of 5%, with operating profit excluding the impact of the acquisition up slightly on the prior year.
- Strong sales intake in the second half of the financial year meant that the order book stood at over £7m at the period end versus £5.79m a year earlier. Pre-contracted recurring revenues are now over £17m per annum, accounting for some 55% of total revenue.
- All businesses performed well in the second half. The Digital Retail business continues to star and Anisa has made a good start as part of the group.
- Given the strength of the order book Sanderson is well positioned to deliver further progress in the current financial year. The share price has drifted back since interim results were announced in May and now stands at 29% below the year high of 112p. This leaves scope for meaningful recovery in the company's valuation when confidence returns to the broader market.

### 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	14.5	2.40	3.0
2017A	21.6	3.7	6.3	12.6	2.65	3.3
2018E	32.0	4.7	6.4	12.4	2.80	3.5
2019E	33.2	5.2	6.9	11.5	3.00	3.8

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

### KEY DATA

Share Price:	79.5p
Prospective p/e ratio:	12.4x
Prospective net yield:	3.5%
Market Capitalisation:	£47.7m
Next Results Due (Finals):	NOV
Net Cash (30 Sept 2017):	£6.18m
NAV per share (30 Sept 2017):	50.8p



2017/18 Price Range: 112p/64p

### BULLET POINTS

- A pre-close trading update has provided news that upcoming final results will be slightly ahead of market expectations
- The acquisition of Anisa has boosted revenue and performance
- Pre-contracted recurring revenues now represent 55% of total revenue
- Strong order intake in second half of financial year means that further progress is likely in the current year

Date of Report : 11 October 2018

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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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### FINANCIAL CALENDAR

Final Results Announcement: 26 November 2018  
Expected AGM Date: February 2019  
Interim Results Due: May 2019  
Year End: 30 September 2019

The above dates should only be used for guidance

### Significant Shareholders

#### Ordinary shares of 10p each

	%
C Winn	13.3
Cannaccord Genuity	11.2
Living Bridge	9.2
Miton Asset Management	5.2
Alto Invest	4.5
Brooks Macdonald Asset Management	4.2
Unicorn Asset Management	4.0
D Renshaw	3.5

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