

Sanderson Group (SND)

AIM



FLASH NOTE — ACQUISITION

- Sanderson has announced the acquisition of Gould Hall Computer Services Limited, a specialist provider of software solutions to customers operating in the supply chain and distribution sectors.
- The maximum consideration will be £4m, with a maximum enterprise value of £3.17m. The consideration will be made up of an initial £1.85m plus deferred consideration of up to £2.15m payable in cash in instalments over the next six years. The initial £1.85m comprises £1.27m of cash from Sanderson's existing resources plus the issue of 500,000 new ordinary shares, which are subject to a lock-in period of three years.
- In audited accounts for the year ended 31 March 2018 Gould Hall Computer Services Limited generated revenue of £3.03m and profit before tax of £0.30m. Net assets as at 31 March were £1.44m and at acquisition the net assets acquired included net cash balances of £0.79m.
- The acquisition adds to the Sanderson Enterprise division and is likely to be earnings enhancing once the business has been integrated. The terms on which the deal have been completed appear to be attractive and £1.55m of deferred consideration is subject to performance criteria being met.
- Interim results are due to be released on 15 May.

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	17.1	2.65	2.5
2018A	32.1	4.8	7.6	14.1	3.00	2.8
2019E	34.0	5.3	8.0	13.4	3.30	3.1
2020E	36.0	5.8	8.8	12.2	3.60	3.3

* - adjusted; ** - diluted adjusted

KEY DATA

Share Price:	107.5p
Prospective p/e ratio:	13.4x
Prospective net yield:	3.1%
Market Capitalisation:	£64.5m
Next Results Due (Interims):	MAY
Net Cash (30 September):	£3.03m
NAV per share (30 September):	57.3p



BULLET POINTS

- Acquisition of Gould Hall Computer Services Limited has been completed
- Maximum consideration is £4m but adjusting for net cash balances of £0.79m acquired almost half of this is conditional upon performance
- The deal is likely to be earnings enhancing in future years
- Interim results are less than two weeks away and this is the next news scheduled to be released by the company

Date of Report : 2 May 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 acquisitions of Anisa Group in November 2017 and Gould Hall in May 2019. 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
Richard Mogg
Finance Director
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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
Downing LLP	4.9
Brooks Macdonald Asset Management	4.2
Unicorn Asset Management	4.0
D Renshaw	3.5

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