

ENERGY CUTS MAY LIFT DEMAND FOR SOFTWARE TO BOOST BOILER EFFICIENCY

# Carbon law is hot for Sabien

COMPANIES, households and government bodies are being urged to use less energy and act more responsibly towards the planet. Such exhortations are all well and good, but they gain an extra dimension when money is involved.

At an individual level, for example, we are far more likely to remember our old shopping bags if we are asked to pay for new ones. And on a corporate level, businesses are far more likely to reduce energy consumption if they can cut their bills.

In other words, most firms are motivated far less by saving the planet than saving the pennies. For Sabien Technology Group, this is no bad thing. It has pioneered a way to make industrial boilers about 20 per cent more efficient, simply by installing software in them. This can be put into almost any boiler in an hour and a half for just £1,850.

Customers so far include BT, Royal Mail, HM Prisons, Marriott Hotels and Lloyds Banking Group. But these large organisations have hundreds, sometimes thousands of boilers each. One, for instance, spent £190,000, but the order accounted for just



**Midas**

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three per cent of its buildings. So the potential is huge and the savings are so substantial that Sabien chief executive Alan O'Brien guarantees payback within two years.

O'Brien founded the firm in 2004 and it joined Aim two years later. As the client list indicates, companies are warming to the business and momentum should grow as Sabien becomes well known. The group has licensing agreements with companies in the US and Ireland that sell its software. Alliances have also been formed with infrastructure and energy firms such as Balfour Beatty and British Gas.

Sabien has been expanding slowly, but it should receive a boost over the next few months when carbon consumption legislation takes effect. Under the Carbon Reduction Commitment, companies that use more than a set amount of energy each year

**PROMISE:** Alan O'Brien says firms make back their money within two years

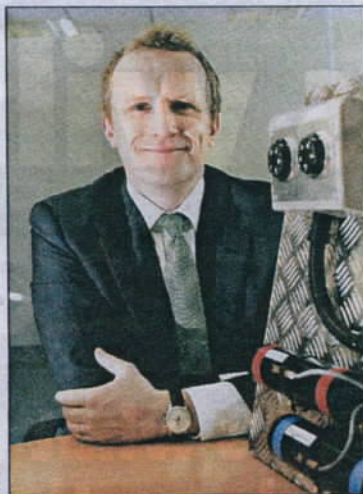


PHOTO: GEORGE JAWORSKI

have to commit to reduce consumption or risk paying more for the energy they do use.

The ruling applies to about 30,000 companies and government bodies, which will have to register with the scheme in the next few months and begin to cut energy use from next year.

Many companies are piloting different ways to cut consumption and Sabien is an obvious beneficiary of these tests. The group's financial year-end is June and turnover this year is expected to be almost double that for 2009. It has been making profits but has been plough-

ing these into expansion. However, it should break even this year and move into profit over the next two to three years. It has no debt and margins are reasonably strong.

» **Midas verdict:** Sabien is a young company so it carries more risk than mature businesses. But it operates in an industry whose products and services are increasingly in demand and it is offering businesses something they need at an affordable price. At 29p, the shares are worth a punt.

Traded on: Aim Ticker: SNT

**Make gains even when shares fall**

**MidasEXTRA**

BUYING shares for the longer term usually means having to sit out market falls from time to time. But by short-selling you have the chance to make money even when share prices fall.

Graeme Dickson, our trader at large, recommends shares to short-sell each week in his 'one to dump' column for our new online Midas Extra Investment service on our sister website, thisismoney.co.uk. Graeme also selects buys as part of his in-depth market review.

A recent sell suggestion from Graeme was power station group Drax, which he tipped at 392p and has since fallen to 363½p, despite the rising markets.

And from this week he will answer readers' queries on short-selling, protecting yourself with stop-losses and spread betting.

If you want to read Graeme's analysis of the markets or ask him an investment question, visit [thisismoney.co.uk/midas-extra](http://thisismoney.co.uk/midas-extra).

## SDL flourishing in global economy

SDL is a real success story. Founded in 1992 by engineer turned entrepreneur Mark Lancaster, the group floated seven years later and is now a FTSE 250 business.

SDL is involved in two areas, both related to translation. About half its turnover comes from straightforward translation while the rest comes from technology that enables companies to translate documents at greater speed, more effectively and more cheaply than ever.

This service is increasingly in demand as businesses become more international and need to

### MidasEXTRA UPDATE

explain how their products work in more languages. SDL works for thousands of companies, including Philips and Samsung. Each time a new phone comes out, for example, the information on it must be relayed in a host of languages. But many of SDL's customers need to produce material that

includes information they have used before. SDL's technology spots these overlaps so only new words and phrases have to be translated, rather than entire documents.

This can generate huge savings and has helped SDL flourish. In 2009, underlying profits before tax rose 17 per cent to £29 million and the group acquired Shell, Ford and LG as clients. Brokers expect SDL to deliver profits of nearly

£33 million in 2010 and Lancaster also hopes to pay a maiden dividend of 4p.

» **Midas verdict:** Midas Extra the subscription-only service on Financial Mail's sister website [thisismoney.co.uk](http://thisismoney.co.uk) recommended SDL last November, when the shares were 408p. The shares are now 15 per cent higher at 470p, but this stock should continue to perform. Existing investors should hold on to their shares and new investors should consider buying at these levels.

Traded on: Main market Ticker: SDL

This newspaper adheres to the system of self-regulation overseen by the Press Complaints Commission. The PCC takes complaints about the editorial content under the Editors' Code of Practice, a copy of which can be found at [pcc.org.uk](http://pcc.org.uk)

## Old boss brings a smile to Photo-Me

FUND management, unlike football, isn't a game of two halves - it's more like four quarters.

We report on the ups and downs to our clients every three months. I am just coming up to the end of my 89th quarter of managing money for Schroders and during that time I have seen crazy share price moves as extreme as any theme park ride as despair has been replaced by hope only for despair to return.

A share that best illustrates this is Photo-Me. This is famous for operating the photo booths that travellers rush to for last-minute passport mugshots. It also provides self-service digital photo printing kiosks and photographic mini-labs.

We built up a stake of 20 per cent before the technology boom in 1998/99. The shares soared from 30p to 400p as

the company said internet connections would enable us to surf the web from the comfort of local photo booths. What crazy things we believed. Needless to say, the shares crashed, but we managed to sell most at between 400p and 120p.

The firm's architect, Serge Crasnianski, rode off into the sunset with the proceeds of the seven million shares he had sold at 400p apiece. New bosses took over and battled with rivals, debt and

advancing technology as the shares slid to 11p.

Serge reappeared on the board last spring. We took this as a positive sign and bought 12 per cent of the company. The transformation since has been amazing. Debt has been virtually eliminated and the firm has started growing again, helped by a lot of sales overseas.

New products have been introduced, such as the photo book, where an in-store machine can create a photo

book from a camera memory card. Serge thinks this has big potential. He invents the products and runs the company - a rare skill. In his mid-60s, he appears to thrive on the challenge. As a shareholder he has the same interest as our clients in making money.

The cost base has been cut so the benefits of higher sales are feeding into profits and this week the company put out a trading statement saying that profits would be ahead of expectations.

It has been a hell of a ride at Photo-Me, but this time I think the shares, which are now 37p, might head up for a while. Hopefully we will sell only when Serge retires.

Traded on: Main market Ticker: PHTM

**Ask Andy**



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