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S & U PLC
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S&U plc
("S&U" or "the Group")

Trading Statement and Notice of Results

S&U PLC, the specialist motor and property finance lender, today issues its trading update for the second quarter of 2026/27 from the period, 1st of May to the 5th of August. The Group will announce its half-year results on the 29th of September.

The second quarter has seen further robust growth, as S&U continues its development as a leading specialist UK lender. Capital receivables for the Group are now £616m, a record, against £512m last year - a 20% increase.

Debt quality remains strong with up-to-date receivables at Advantage, our motor finance business, at 73% of the book against 69% last year. At Aspen our property financier, late payers are well within budget.

The resulting combination of growth and quality augurs well for future profitability. Although investors in the UK generally still appear pessimistic about the British economic and political environment, it is to be hoped that they increasingly recognise those businesses which buck that trend. It is encouraging that recent reports from brokers, speak of an increased appetite from strategic and American investors for the British financial market, particularly in the SME space.

S&U's level of growth has required additional investment of over £100m over the past year. Borrowing now stands at £285m. Although well below existing facilities our prospects for the future require greater, more flexible and competitively priced funding. Hence, S&U's securitisation project is currently reaching its conclusion, which we expect to unveil at our results in September.

Advantage Finance

Following its success at the Credit Today Industry awards in June, which included Car Finance Provider of the Year and Chief Executive of the Year, Advantage continues its significant growth. Year-to-date deal numbers are up 50% on last year, with a similar increase in advances to £105m for the half-year, despite a reported fall in the UK car finance market of 3% year on year. As a result, capital receivables now stand at £408m. Latest new deal levels are now above budget and as usual, this growth will be more significantly reflected in profitability in the second half of this year and in 2027/28.

Book quality remains good, despite a slight seasonal reduction exacerbated by the holidays and the hot weather in July. Nevertheless, in the year to date, collections against due are 92% compared to 90% last year. This has been reflected in a fall compared to last year of nearly a fifth in bad debt and written off accounts in the period.

Efficiency and cost control at Advantage and remain strong. Overhead costs are on budget; constant effort and sensibly targeted AI have increased productivity within our customer relations department by a remarkable 50% on last year. This, despite a long but often bogus tail end of "complaints" generated by opportunistic and sometimes unscrupulous claims management companies, which nevertheless require Advantage's determined attention. The Financial Conduct Authority's latest scheme for broker commission redress is at present subject to judicial review. Such a hiatus does not benefit customers one iota. Nor does it reflect well the industry's regulation. Fortunately, its future financial impact on Advantage is minimal.

Back in the real world we strive for constant improvement. This includes a new distribution channel for dealers and plans for a significantly streamlined loan payout process for our brokers. A dynamic pricing tool is also being developed which will make our products both more accessible and competitive.

Aspen Bridging

Faced with a still somnolent property market, under constant attack from a government paranoid about imagined inequities in the rental market, as well as missing its house building targets, Aspen has seen a period of slower growth. Although capital receivables at £208m are almost a third up on last year, this does reflect slower repayment patterns in a more difficult sales market; and also a decision towards offering loans over longer terms to more experienced customers. In the short-term this has an effect on profitability, particularly reflected in the half year by a large recovery in July 2025.

Nevertheless, Aspen's book quality remains good, as evidenced by its late and beyond term customers this year, 7% of its book, the same proportion as last year.

Funding

Total group borrowings at the 5th August were £285m compared to £330m of facilities. The major refinancing and securitisation project mentioned earlier will be announced in September. It presages a new and exciting period in S&U's history.

Commenting on the Group's performance and outlook, S&U Chairman, Anthony Coombs, said:
"S&U's steady performance reflects the strength of our business through varied economic conditions. As yet another new government sets its course, we are reminded of Abraham Lincoln's enduring dictum - "You don't strengthen the weak by weakening the strong." We remain cautiously optimistic that a pro-growth approach will prevail. S&U will prosper regardless."

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