

S&U

Strong trading update underlines turnaround

S&U has issued a trading update, covering the period to 10 December, which confirms the growth trajectory of the business. The recent Supreme Court (SC) decision has given legal clarity to the motor finance business, Advantage, which is continuing its strong recovery phase. Aspen, the property lender, continues to grow robustly, generating receivables over the period that were up c 17% to £173m. We view S&U's current trajectory positively and believe the company will meet our FY26 forecasts. The SC judgement should put to rest any existential worries about Advantage, allowing the trend in growth to resume, further supporting numbers.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
1/24	115.4	33.6	2.09	1.20	8.9	6.5
1/25	115.6	26.7	1.47	1.00	12.6	5.4
1/26e	115.4	31.3	1.93	1.10	9.6	5.9
1/27e	121.9	34.4	2.12	1.20	8.8	6.5

Note: All figures are on a reported basis. FY25 PBT excludes £2.7m exceptional charge in the year.

The UK used car market is showing signs of continued recovery with increasing volumes over the period, but Advantage's recent performance has outpaced this market growth. The last four months have seen an upsurge in trading at Advantage with a 14% q-o-q increase in receivables to c £318m. This has given Advantage the opportunity to both improve its interest margins, especially among higher-tier customers and, with a renewed scorecard and updated affordability measures, also improve the quality of its loan book. With the lengthy Financial Conduct Authority s166 process behind it, both customer advances and collections at Advantage show strong improvement. Overall, Advantage's operating environment continues to improve, according to management, with the positive SC ruling and the chancellor of the exchequer's emphasis on a regulatory regime that prioritises growth in her recent Mansion House speech.

Aspen, the property bridging company, continues its excellent progress, especially given the softer UK residential market. Despite the drag on transactions in the residential property market caused by the government interventions, Aspen continues to sensibly grow its loan book, with net receivables of c £173m up c 17% q-o-q. Repayments in the period were £47m and year-to-date are ahead of S&U's expectations. Crucially, the number of late payers was below budget at H1, highlighting that credit quality remains within expectations.

The acceleration in activity throughout the group in the period has seen net borrowings rise to £241m from £180m at the half year. This sits well within existing funding capacity of £280m, providing sufficient headroom for growth in the immediate future.

Shares reacted positively, up c 6%, post the release of the results. On a FY26e P/E of c 10x the shares are trading at a significant discount to historical valuation levels and imply a discount-to-book value, with potential for a re-rating as regulatory risks subside. The dividend yield of c 6% offers attractive income support, while awaiting a recovery in earnings.

Q326 trading update

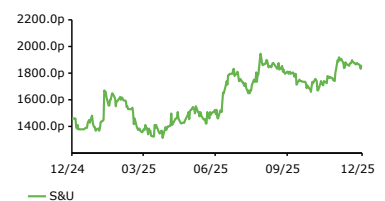
Financial services

11 December 2025

Price 1,860.00p
Market cap £226m

Net cash/(debt) as at 31 January 2025	£192.6m
Shares in issue	12.2m
Free float	25.0%
Code	SUS
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

S&U's Advantage motor finance business lends on a simple hire purchase basis to lower- and middle-income groups that may have impaired credit records restricting access to mainstream products. It has more than 50,000 customers. The Aspen property bridging business has been developing since its launch in 2017.

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