



# Our Full Year Results to 31 January 2022



March 2022



# Today's speakers



Anthony Coombs  
Chairman



Graham Coombs  
Deputy Chairman



Chris Redford  
Group Finance Director



Graham Wheeler  
CEO Advantage Finance



Ed Ahrens  
CEO Aspen Bridging

# Introduction

“As the world reels from one crisis to another, it is apt to remember the words of Winston Churchill, our greatest war leader: ‘I am an optimist – it does not seem much use to be anything else’.

Like all successful businesses with a long history, S&U recognises that it must tailor its products and service and trim its operational tack to its economic, political and regulatory environment. Whilst we have little control over this, we can nevertheless adapt and therefore thrive. This year’s resounding results clearly show our people’s ability to do this. Their work in preparing and priming the Group for both the opportunities and challenges now facing all of us, gives me a great and determined confidence in S&U’s future.

– Anthony Coombs, Chairman

# Highlights for 21/22

## S&U

- Group Profit before tax £47.0m (2021 : £18.1m; 2020: £35.1m)
- Earnings per share 312.8p (2021: 120.7p; 2020: 239.6p)
- S&U proposes a final dividend for 2021/22 of 57p (2021: 43p; 2020: 50p)
- Strong balance sheet with 55% gearing (2021: 55%; 2020: 66%) and committed facilities of £180m allowing good headroom for growth

## Advantage

- Advantage profit before tax for the year was £43.7m (2021 £17.2m; 2020 34.0m)
- Advantage results driven by excellent collections and lower than normal bad debt attrition and full year impairment charge
- Advantage new loan volumes affected in H2 by market shortage in used cars – recent progress good
- Advantage impairment charge of £3.8m (2021: £36.0m; 2020: £16.5m) helped by higher H2 used car auction prices and also by fewer consumer repayment problems than anticipated when extra Covid related provisions were taken in January 21

## Aspen

- Aspen Property Bridging Finance - good results driven by continued strong growth in receivables. Receivables quality good with only two loans in default at 31<sup>st</sup> January 22
- Aspen profit before tax for year was £3.4m (2021: £0.8m; 2020: £1.2m)



# Group Financials

## Our Income Statement – Full Year to January 2022

Group Income Statement £m	Jan 22	Jan 21	Change %
Revenue	87.9	83.8	+5%
Impairment	-4.1	-36.7	-89%
Risk adjusted gross yield RAY	83.8	47.1	+78%
Cost of Sales	-18.8	-14.3	+32%
Admin Expenses	-14.2	-11.1	+28%
Finance Costs	-3.8	-3.6	+6%
<b>Profit before tax group</b>	<b>47.0</b>	<b>18.1</b>	<b>+159%</b>

Profit before tax £m	Jan 22	Jan 21	Change %
Motor Finance	43.7	17.2	+154%
Property Bridging Finance	3.4	0.8	+320%
Central finance income/costs	-0.1	0.1	
<b>Profit before tax group</b>	<b>47.0</b>	<b>18.1</b>	<b>+159%</b>

Revenue continued to increase in H2 as motor and bridging receivables grew

Lower than normal full year impairment charge reflecting less utilisation of Covid related Jan 21 provisions, lower motor finance bad debt attrition and good collections in both businesses

Cost of sales increased by 32% reflecting increased motor and bridging advances

Both businesses much more profitable in ye Jan 22 vs ye Jan 21 and ye Jan 20 – Advantage benefitted from much lower impairment charge in Jan 22

Outlook good and final dividend proposed of 57p (2021: 43p)

# Group Financials

## Group Balance Sheet - January 2022

£m	Jan 22	Jan 21	Change %	Comment
Fixed Assets and Right of Use Assets	2.5	2.7		No major expenditure this year
Amounts Receivable Motor Finance	259.0	246.8	+5%	Advances higher this year
Amounts Receivable Property Bridging	63.9	34.1	+87%	Advances higher this year
Other Assets	1.9	1.2		
<b>Total Assets</b>	<b>327.2</b>	<b>284.8</b>	<b>+15%</b>	
Bank Cash and Overdrafts	-2.6	-1.3		£7m current overdraft facilities
Trade and Other Payables	-4.3	-2.8	+57%	Increased broker and remuneration creditors
Tax Liabilities	-0.9	-0.6		
Accruals and deferred income	-0.8	-0.6		
Borrowings	-111.0	-97.5	+14%	Committed facilities now £180m
Financial and Lease Liabilities	-0.9	-1.0		
<b>Total Liabilities</b>	<b>-120.5</b>	<b>-103.8</b>	<b>+16%</b>	
<b>Net Assets and Total Equity</b>	<b>206.7</b>	<b>181.0</b>	<b>+14%</b>	

# Group Financials

## Cash Flow - Year to 31 January 2022

### Group Cash Flow

- £14.8m cash outflow reflecting book debt growth and including payment of £12.3m group dividends
- Cash generation in Advantage more than offset by significant Aspen book debt growth

£m	Jan 22	Jan 21
Balance b/f	-98.8	-117.8
Motor Finance inflow	14.1	31.6
Property Bridging outflow	-26.9	-12.5
Other outflow	-2.0	-0.1
<b>Balance c/f</b>	<b>-113.6</b>	<b>-98.8</b>
Gearing %	54.9%	54.6%
<b>Analysis of balance c/f</b>		
Central	71.7	73.7
Property Bridging	-58.9	-32.0
Motor Finance	-126.4	-140.5
<b>Balance c/f</b>	<b>-113.6</b>	<b>-98.8</b>

### Motor Finance Cash Flow

- Advances 37% up on last year and January 22 was highest month for advances
- Monthly Live Collections 10% up on last year reflecting improved customer repayments and lower than expected bad debt attrition

£m	Jan 22	Jan 21
Balance b/f	-140.5	-172.1
Advances	-140.9	-102.6
Basic Monthly Live Collections	152.7	138.5
Settlements/reloans	34.1	28.0
Debt recovery	17.1	13.8
Overheads/interest etc	-30.6	-27.2
Corporation Tax	-8.3	-6.2
Dividend	-10.0	-12.7
<b>Balance c/f</b>	<b>-126.4</b>	<b>-140.5</b>

### Property Bridging Cash Flow

- Record £98.3m net bridging advances including £37.6m under CBILS scheme
- Collections also higher reflecting high value early CBILS repayments and continued good repayment quality on the growing book

£m	Jan 22	Jan 21
Balance b/f	-32.0	-19.5
Gross Advances	-111.6	-43.5
Retention Collections	13.3	5.2
Collections	65.7	15.2
Debt recovery	11.4	13.6
Overheads/interest etc	-5.3	-2.8
Corporation Tax	-0.4	-0.2
<b>Balance c/f</b>	<b>-58.9</b>	<b>-32.0</b>

# Group Financials

## Treasury and funding

- Additional £25m loan and £25m revolving credit facilities added in H1 2021 resulting in total committed funding facilities of £180m. These comprise 2 x £25m term loan facilities maturing in 2028 and 2029, and £130m revolving credit facilities with maturities in 2024 ,2025 and 2026
- Group gearing at 31 January 2022: 54.6% (31 January 2021: 54.9%)
- £14.8m Group cash outflow in year to 31 January 2022 mainly reflects the higher lending in Aspen and Advantage offset by higher repayments and is after payment of £12.3m dividends



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# Advantage Finance

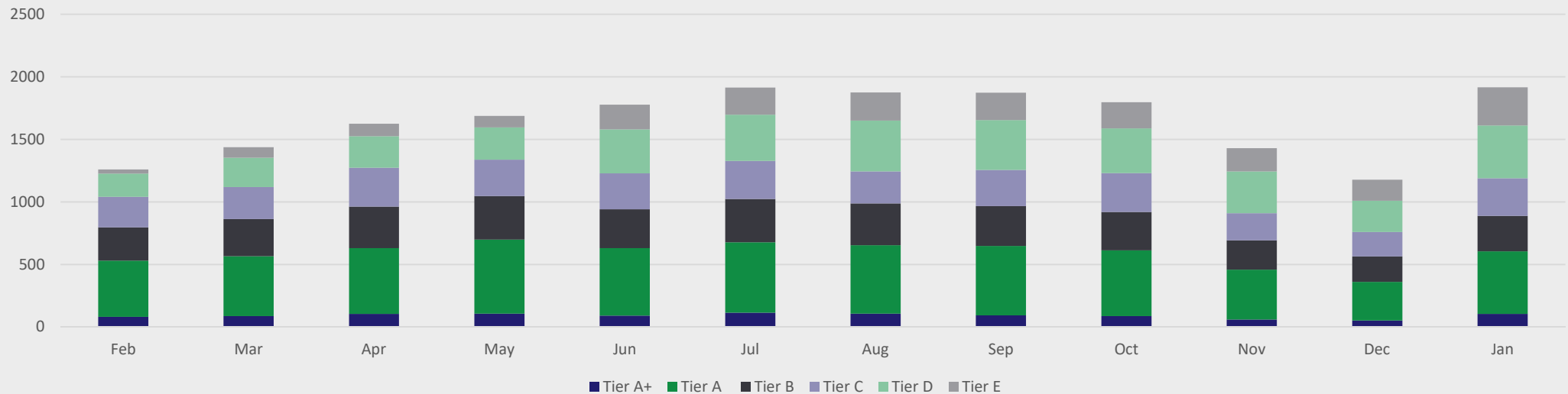


# Advantage Finance

## Sales

- UK older used car market saw significant stock shortages during Q4 2021
- Completed deals reduced in November and December in line with lower stock availability
- Market slowly returning to normal volumes in 2022 with Advantage enjoying strong January and February sales volume
- Tier mix well balanced between risk and reward

Sales Tier Mix



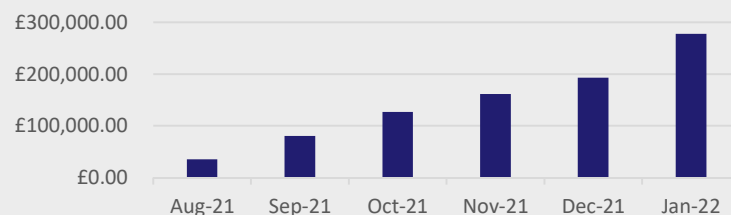
# Advantage Finance

**Focussing on  
operational  
efficiencies**



## Introduced Auto Payment Portal

Payment Portal Cash (Non Cumulative)



## Introduced in-life Affordability checker

- 18976 single payment or arrangement affordability checks completed automatically
- Improved collections efficiency, collected more cash



## Introduced Auto Settlement Portal



- 53,000 requests for settlement figures per annum
- Reduced average response time
- Time saving of 255 working days

## Introduced Auto DPA checking

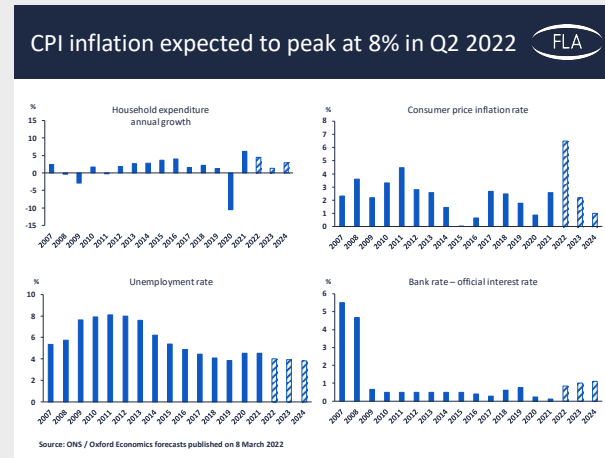
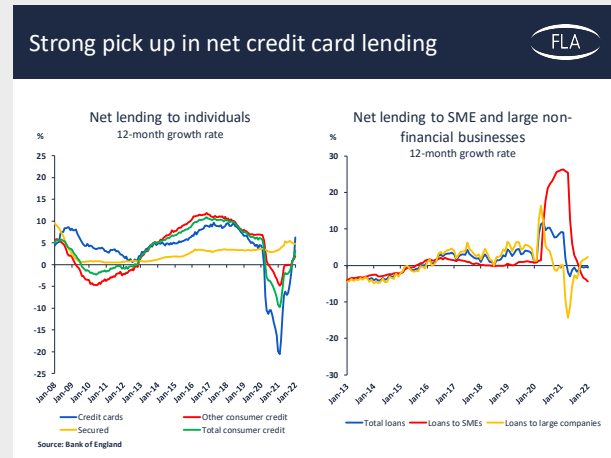
- Received 15,000 calls in 29 days
- Overall DPA compliance accuracy of 100%
- Improvement in productivity of 6.5%



Every Automated Tool designed and developed by our own IT Team

# Current Situation

## How Advantage is adapting to more uncertain times



### Advantage Actions:

#### New Business:

- Amending our Affordability Calculator
- Expanding our sales channels to maximise new business opportunity

#### Existing Customers

- Signposting customers to Energy Support Bill, cheapest local fuel costs, home cost controls e.g. U-switch
- Providing continued flexibility for our customers and showing our human touch!
- Focus on record cash collection and debt quality



# Advantage Finance

## Customer Care and Regulation

### Regulator Update – FCA and FOS

- Regulator carried out lender specific study on the handling of forbearance measures, processes and customer Interactions
- FCA consulting on its plans to introduce the “Consumer Duty”
- FLA consulting on the introduction of Full Open Commission Disclosure

### Advantage Update

- Strong and consistent live cash collection
- Advantage close to the Commission Disclosure Issue with FLA and Broker discussions

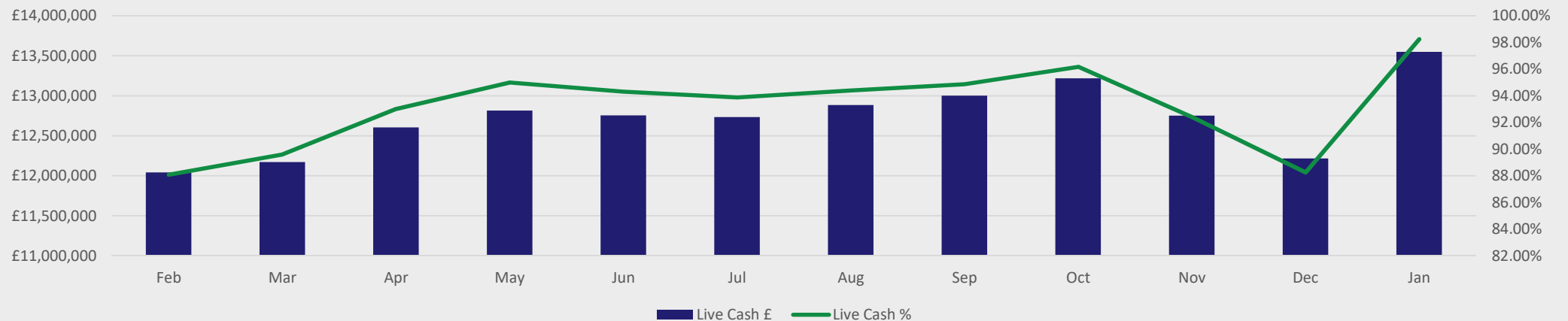


**Advantage Finance**

Reviews 2,045 • Excellent



Live Cash Collected 2021/22



# Advantage Sales and Marketing

## Our new initiatives

### Current

Enhanced API  
HP product development  
Post Covid scorecard  
Scorecard integration planning  
Enter the aggregator car  
finance market

### Future Plans for 2022

Expand aggregator website market  
Re-engineer our customer renewal activities  
Re-design Advantage website  
Increase digital marketing and customer  
communication  
Develop Advantage brand marketing



CREDICAR

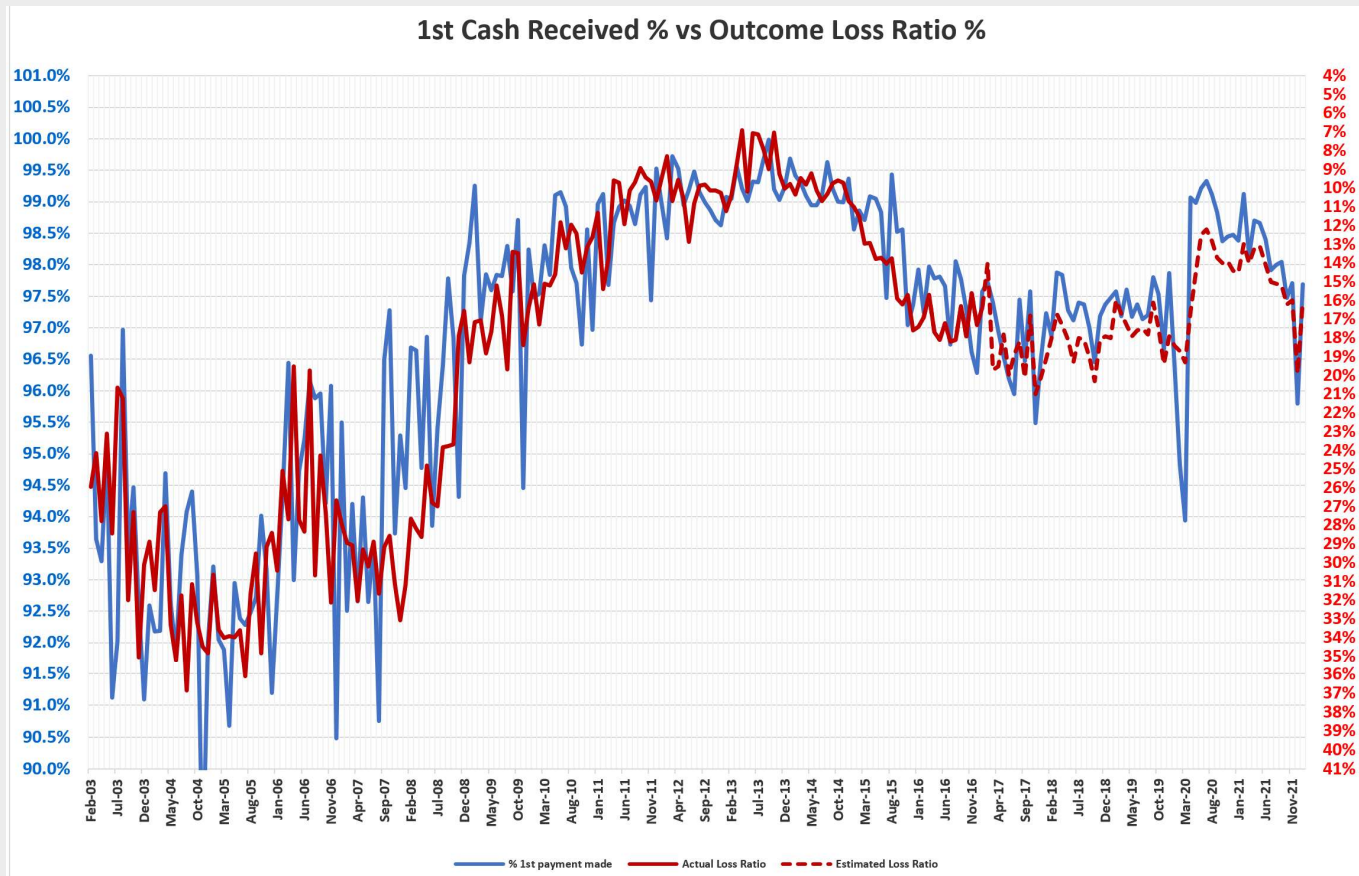


# Advantage Finance – our quality loan book

Average Loan profile	Year to Jan 16	Year to Jan 17	Year to Jan 18	Year to Jan 19	Year to Jan 20	Year to Jan 21	Year to Jan 22
Number of loans	15,131	20,042	24,518	21,053	23,334	15,589	19,747
Advance	£6,121	£6,068	£6,207	£6,136	£6,385	£6,581	£7,138
Cost of Sales	£593	£642	£692	£727	£824	£872	£874
Interest rate flat per annum	17.5%	17.9%	17.8%	17.9%	17.7%	17.0%	16.3%
Average customer score*	867	862	869	865	867	900*	892*
Original term in months	49	50	51	50	51	52	53

\*Customer scores since May 2020 have been less certain due to CRA reporting of payment holidays but such holidays are now more historic so these scores are getting more certain again. Since May 2020 average quality has been higher, average interest rate has been lower and early repayment performance has been good (all related).

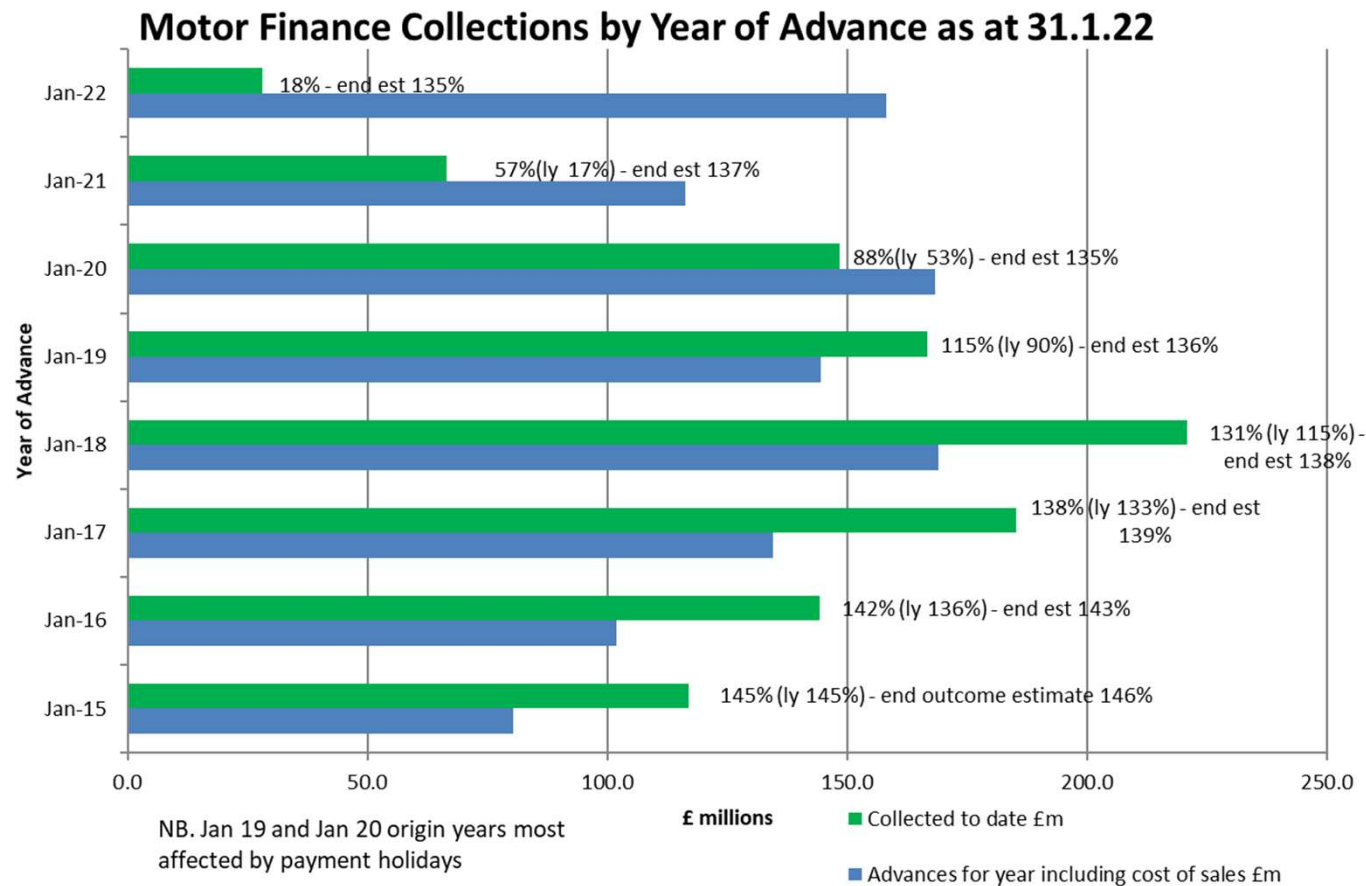
# Advantage Finance – first repayment quality



- Strong historic correlation between early repayments and end outcomes with lower adverse impact of Covid-19 now forecast
- Underwriting improvements ended Jan 2021 and year ended Jan 22 post lockdown to tighten affordability and credit assessment criteria has resulted in continued improvement in early repayments



# Advantage Finance collections % of upfront investment



# Advantage Finance receivables

Original Contract Arrears	Position at end January 2022				Position at end July 2021	
	Volume of Accounts	Percentage of Live Receivable	Post payment holiday accts % of live receivable	Non payment holiday accts % of live receivable	Volume of Accounts	Percentage of Live Receivable
Up to Date	42608	72.70%	0.92%	87.35%	41034	68.80%
0.01 – 1 mthly payments	3663	5.97%	2.94%	6.58%	3002	4.53%
1.01 – 2	2144	2.91%	5.45%	2.39%	2049	2.59%
2.01 – 3	3524	4.45%	19.98%	1.28%	4254	5.96%
3.01 – 4	2016	2.58%	11.43%	0.77%	2487	3.52%
4.01 – 5	1385	1.77%	8.22%	0.46%	1607	2.41%
5.01 – 6	1464	1.95%	10.05%	0.30%	1679	2.64%
6.01 +	5227	7.67%	41.01%	0.87%	5802	9.55%
<b>Total Live Accounts</b>	<b>62031</b>	<b>£254.9m net receivables</b>	<b>13218 accts</b>	<b>48813 accts</b>	<b>61914</b>	<b>£244.5m net receivables</b>
Legal and debt recovery	20890	£4.1m net receivables	Collected 97% of due in Jan 22	Collected 99% of due in Jan 22	20638	£4.3m net receivables
<b>Total Accounts</b>	<b>82921</b>	<b>£259.0m net receivables</b>			<b>82552</b>	<b>£248.8m net receivables</b>

- For this receivables chart only, payment holidays show as arrears to illustrate the impact versus original contract
- Chart shows the original contract arrears for total book and also for January 22 the split of the total book between non payment holiday accounts (where contract arrears can be measured as normal), payment holiday accounts and post payment holiday accounts

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# Aspen Bridging



## Aspen Bridging delivered a record year for:

PBT

£3.4m

(2021: £0.8m)

**+325%**

New  
Loan Facilities

135

(2021:80)

**+69%**

Net Lending

£98.3m

(2021: £38.3m)

**+156%**

Net Receivables

£63.9m

(2021: £34.1m)

**+87%**

Book  
Quality

Only

2 of 102

loans in  
default as at  
31 Jan 2022

New Products  
launched

including a Bridge to Let product,  
with increased maximum loan size  
and more competitive rates

Growth ambitions  
encouraged

by recent trends of rising advances,  
repayments and quality



## Aspen Bridging – our quality loan book

Average Loan profile	Year to Jan 18	Year to Jan 19	Year to Jan 20	Year to Jan 21	Year to Jan 22*
Number of new loans	35	62	57	80	111
Gross Advance	£386k	£377k	£539k	£543k	£618k
Cost of Sales	£8.9k	£7.3k	£11.0k	£8.5k	£9.6k
Average Max gross LTV	67%	74%	71%	68%	72%
Average original blended yield %	1.17%	1.18%	1.12%	1.01%	0.95%
Original term in months	9	9	9	11	11
Settled beyond contractual term**	65%	62%	44%	32%	Contractual terms still running

- In year to Jan 22 Aspen also made 24 loan facilities under the CBILS government scheme – these had an average gross advance of £1.8m each and at 31 Jan 22 12 CBILS loans still have balances owing

\*\*These loans did not achieve their original exit plan and either went into agreed extension or into default

# S&U five year record

A business you can trust

Continuing Business £m	Year to Jan 18	Year to Jan 19	Year to Jan 20	Year to Jan 21	Year to Jan 22
Revenue	79.7	83.0	89.9	83.8	87.9
Cost of Sales	-17.3	-15.7	-19.9	-14.3	-18.8
Impairment	-19.5	-17.0	-17.2	-36.7	-4.1
Admin Expenses	-9.9	-11.2	-12.8	-11.1	-14.2
Finance Costs	-2.8	-4.5	-4.9	-3.6	-3.8
Profit before tax	30.2	34.6	35.1	18.1	47.0

Average pbt £32.6m pa during  
the 2 years of the pandemic

Earnings per share	204p	233p	240p	121p	313p
Dividends per share	105p	118p	120p	90p	126p

## Our future

Having successfully weathered Covid and its aftermath, S&U has laid the foundations for profitable expansion. These include strong recruitment, refined product ranges and significant investment in marketing, digital and customer service capabilities.



- Significant opportunities for growth in 2022 and beyond
- Excellent collections reflect post Covid book quality
- Long-standing underwriting skills
- Digital expansion opportunities



- Property market rebound
- Growth opportunities
- Rigorous underwriting and good collections
- Growing volumes as market credibility rises

Combined with its historic financial strength, excellent debt quality and good customer relationships, S&U is primed for, and already experiencing, a period of renewed and sustainable growth.

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# Appendices



# Advantage Finance

## Our business



- Used car finance on hire purchase – 90% sourced through brokers – 5% refinances for previous customers – 5% direct from dealers
- Advantage have now transacted over 200,000 loans since business started in 1999
- Deals underwritten and collected centrally – direct debit is the initial repayment method for all customers
- Customer's typical loan is a £7,000 advance with £12,400 repayable, including interest, over an average term of about 53 months

# Advantage Finance

## Credit and risk management

- Automated approve/decline decision from bespoke scorecard system returned within 10 seconds on 95% of all applications received – over 1200,000 unique applications received each month
- Well established compliance procedures supported by outside internal audit function and external specialist legal advisers
- Monthly distribution of compliance and risk reports, quarterly TCF reports signed off by all directors, strong complaint handling procedures and successful track record of compliance inspections
- Strong Customer Relations team and a Trustpilot score now at an excellent 4.7 out of 5 for customer service and reliability

# Advantage Finance

## Our loyal customers



## CASE STUDY

Mr C lives in Barnsley and works for as a Holiday Coach Driver. He takes home approx. £1,471 per month, and in January 2022 was looking for a vehicle to provide his transport requirements.

An application for motor finance was placed with Advantage, whose systems were able to electronically assess and approve the application within seconds. This assessment included a full appraisal of existing credit reference data check of Mr C's payslip. Advantage was then able to offer credit limit for Mr C as he searched for a suitable vehicle.

He chose a Seat Ibiza with affordable monthly repayments of £214, from a local dealer.

Mr C took the time to review his experience on an online review site and was clearly happy with the service he received from Advantage, leaving the following comments as part of a 5-star review:

"The service was very good, quick, easy and professional. Very happy with the service"



# Advantage Finance

## Our loyal customers



## CASE STUDY

Mr N works as self-employed landscaper and lives in Warwickshire. He takes home approx. £1,410 per month in December 2021, and was looking for a vehicle to provide him transport requirements for his job.

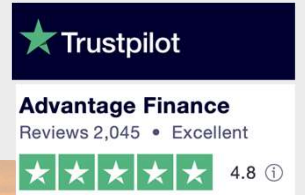
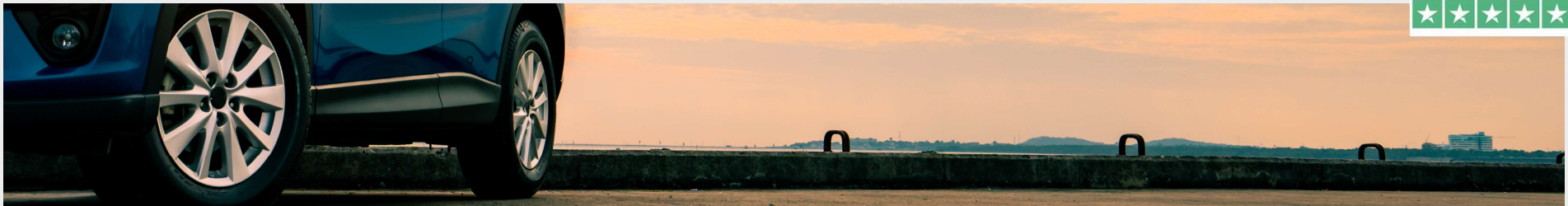
An application for motor finance was placed with Advantage, whose systems were able to electronically assess and approve the application within seconds. This assessment included a full appraisal of existing credit reference data and assurance via Open Banking to confirm Mr N's circumstances met our lending and affordability criteria. We were able then to convey a credit limit for Mr N as he searched for a suitable vehicle. He chose a Renault Master Van, with affordable monthly repayments of £256, from a local dealer.

Mr N was contacted shortly after the loan was set up to confirm that the vehicle had been successfully collected and that he was happy with the overall transaction. As part of this "Welcome Call" he left the following 'five star' review:

"Advantage Finance have been very helpful and would most definitely recommend in the future, thanks team."

# Advantage motor finance

## Our happy customers



**“Fabulous Company, Friendly Staff** – I was supposed to leave this review back in June (when I purchased my car) but thought let me give it a few months and see how it goes. I can hands on heart say, I have not been disappointed in the slightest with this company. Everything is always so quick and efficient and the staff (like Yolande) are always super friendly and helpful when I call.

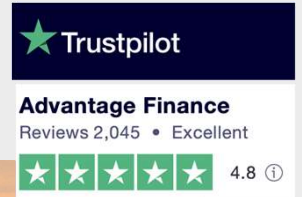
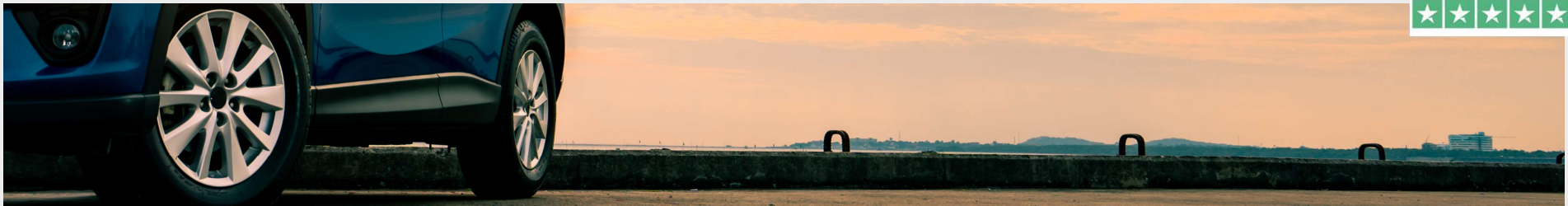
Payments are taken seamlessly and to be honest, Advantage were the only lender to offer be credit and for that I will always be grateful. No other lender gave me an opportunity due to me being “young” with “no credit history”.

When everyone gave me a big fat NO, Advantage gave me a huge and welcoming YES. I hope to be with this company for many years to come, even when I upgrade my car when I feel the time has come. Advantage helped me get the car if my dreams and are also helping me build up a really goof credit profile for the future.

Thank you Advantage Finance and Yolande in particular, never change! You’re fab! – **Miss IJA, 30 Dec 2021**

# Advantage motor finance

## Our happy customers



"Jason was a very understanding member of staff, he showed empathy where needed and confirmed everything back to me to make sure I understood every part of the process. 10/10 for customer service "

***Oscar, 29 Jan 2022***

"Very Helpful – Made the loan easy keeping me informed every step of the way. Asked me if repayments was ok, asked if I wanted to pay more a month to clear loan off quicker. Phoned me earlier to say it's all gone through and will be with the dealer in 90mins before my collection time. Thank you for all your help. Will be recommending to family and friends"

***Mick, 20 Jan 2022***

# Aspen Bridging

## Our business



- Aspen started trading in February 2017 and provide a “fast, flexible, friendly and fair” service to customers with property bridging loan requirements
- 369 secured property bridging loan facilities have been provided to customers to date with an average gross loan facility of c.£500,000 over average 10 month contractual loan term at an average maximum gross loan to value of 72%
- Bridging loans are all secured on a wide range of properties from residential to commercial, with c33% of bridging projects undergoing planned refurbishment works during the term of the loan
- Repayment can be made either before or at the end of the loan term. All facilities have a built in option for the lender to extend the facility where required and appropriate – 267 of the 369 loan facilities have repaid up to 31 January 2022, and only 2 of the 102 remaining live loans at that date are in default

# Aspen Bridging

## Case study



### Portfolio Refinance, North London - £2.74m

The developer used a property consisting of seven apartments in Wandsworth, London worth £3.775m as security, giving a LTV of 72.5%.

The bridging loan was completed on the lender's stepped rate which starts at 0.39%, taken over a 10-month term, with the developer exiting through the sale of existing assets.

Aspen Bridging's loan product offers a remote internal valuation assessment. Even with our usual physical inspection, this speeds up the loan transaction process for our customers.

The case was handled by a Senior Underwriter, who oversaw a loan to accommodate several properties, both leasehold and freehold, held in both personal and corporate names.

“Dealing with Aspen has been amazing. There was a number of challenges throughout the process and they kept myself and the client updated all the time and couldn't have been more helpful. I'm looking forward to using Aspen again.” - **Michael P - Nov 2021**



# Aspen Bridging

## Case study



### Central London, £1.575m - Foreign Company Purchase

We recently completed a £1.575 Marshall Island-based corporate newbuild apartment purchase, The property is located in London, and used the Stepped Rate at 0.49% per month

The loan term is 12 months, with exit being arranged via a private bank.

Our Senior Underwriter oversaw the entire process involving several solicitors and lending to a foreign company.

“Speaking with the Director and senior underwriter from day 1. They understood the risk and the borrowers requirements and handled this with the upmost professionalism” - **Michael M – Mar 2021**

# Aspen Bridging

## Our happy customers



"I've never dealt with a lender who was so hands on and confident speaking with the client ensuring that the client refinanced there current facility. The borrower has already located his next property and wants to use Aspen again"

***Paul, Jan 2021***

"Thank you for speaking with me so many times during the day and making sure that I was fully aware of the whole process and requirements. I've used other lenders before but never had the amazing service I have received by yourselves"

***Direct Client, Dec 2021***

"Just wanted to say thank you for all your hard work and persistence too get this over the line. The client is already looking for another project for Aspen to fund."

***John, Dec 2021***

"Outstanding work, the speed and service you provide was amazing"

***Andrew, Dec 2021***



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