



Released : 18/06/2025

RNS Number : 2442N

S & U PLC

18 June 2025

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S&U plc

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

AGM Statement and Trading Update

S&U PLC (LSE: SUS), the specialist motor and property finance lender, issues a trading statement from 15th April 2025 to 18th June 2025, prior to its AGM today.

My optimism in our annual results report in April is gradually and clearly being justified by the Group's recent performance, particularly over the past two months. Corporate tankers turn slowly, particularly after the regulatory attentions of the past 18 months amidst a fragile economic climate, but the S&U tanker surely is.

Aspen, our property lender, continues to power ahead with record profit for the first quarter and receivables up 7% on last year - despite higher-than-expected repayments of over £57m.

At Advantage, following the challenges associated with a lengthy FCA s166 process, customer receivables are trending above budget, as lending volumes rose by 50% during the first quarter. Hence Advantage profit for the quarter is almost on budget and is on course to move ahead by half year.

Overall, Group profitability is trending to be ahead of 2024 at half year and accelerating from there. This pattern is driven by improving sales numbers, stronger collections at Advantage and the tapering of additional professional and regulatory costs associated with the s166 and its remedial aftermath.

The outcome of the upcoming Supreme Court judgment, expected in the next few weeks, remains difficult to predict. In my view, however, a clear and pragmatic decision would provide much-needed clarity to the motor finance sector. This would support the broader credit market, contribute to economic growth, and help enable the government's objective of improving access to credit across the UK.

Advantage Finance

Advantage continues its recovery by making immediate improvements which will also sustain it in the longer term. Thus, customer relations and collections have been strengthened by reorganisation, closer monitoring of activity and by new performance targets. A new telephony system has been installed to facilitate this. The resulting improvements in collections due, and in credit quality generally, have seen cumulative improvement to date to 89.4% against 87.3% a year ago. The number of longer-term nonpayers has reduced by 35% since year-end, and current adherence to contracted payments is the best since October 2023.

These reforms benefit our customers by identifying any early repayment difficulties and potential vulnerability, thereby protecting customers' credit ratings and their future access to credit. Recent research has confirmed that our customers' experience of Advantage Finance has led to an improvement in their credit

scores and hence their access to competitively priced credit in the future.

Although, for reasons outlined in our annual report, net receivables at Advantage at the quarter end are £273 million (2024: £337m); this is above budget. Broker relations remain excellent and affordability refinements, a new customer scorecard, as well as on boarding improvements, are correcting what was arguably an excessive restriction on sales, in response to the FCA's s166 intervention.

Finally, it was very encouraging to see the recent House of Lords report, "Growing pains: clarity and cultural change required", echo many of the concerns we have previously raised regarding the 'risk averse' regulatory framework for UK financial services. We hope the report prompts constructive action from both Government and regulators reflecting their Lordships' recommendation.

Aspen Bridging

It was good to see 10 members of the Aspen team up on stage in June at the annual Bridging and Commercial industry awards. Their reward for new product of the year exemplifies the dynamism, flexibility and imagination that have made Aspen such a success. As a result, customer receivables at the quarter end are £151.6m and advances over the quarter are 16% ahead of last year. New agreement numbers are up by a very encouraging 46% on last year, showing the breadth of appeal of Aspen's product range for property investors requiring loans from £250k to £15m. This range has been expanded over the past year with the new Bridge-to-Let products proving very popular.

The relevance of Aspen's loan offer is clear from the quality of its book. Repayments over the quarter are a remarkable £19m up on 2024 at £57m in the period; evidence of the width of appeal of Aspen's product range for both property investors and small and medium sized builders.

Even in a slightly slowing residential Property market where transactions are being affected by stubbornly high real interest rates and the inefficiency of HM Land Registry, loans in default or over term remain stable and within our control.

Aspen's strong performance is ultimately reflected in its profitability, which is 33% up on the equivalent quarter last year.

Treasury

As Aspen collections remain very strong and Advantage sales gradually recover, the Group has been cash generative to date with current borrowings at £180.4m (2024: £239.8m). This compares with bank facilities of £280m, giving considerable headroom for our recovery plans this year and our Group growth expectations in the medium term.

Commenting on S&U's trading outlook, Anthony Coombs, S&U Chairman, said:

"Happily, the consolidation and retrenchment of the past two years is now behind us and S&U is on track for a return to growth. Throughout our history, S&U's people have skilfully adapted to new market conditions and opportunities. This is evident now at both Advantage and Aspen and has happily continued in May.

Assuming a stable and supportive environment from policymakers, regulators, and the Courts, we believe these efforts will translate into improved profitability this year and in the future."

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