S&U

Q227 trading update

Strong Q227 reinforces long-term view

Financial services

27 August 2026

S&U has issued a Q227 trading update confirming the long-term growth trajectory of the business and providing support for H2 profit growth. Group capital receivables increased 20% to £616m, which is a record for the company. The motor finance business, Advantage, continues to prudently increase profitability with up-to-date receivables at 73% of the loan book demonstrating improving credit quality versus 69% last year. Aspen, the property lender, continues to navigate the challenging UK property market. Overall, we view S&U's Q2 exit trajectory positively and believe the company will meet our FY27 forecasts.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
1/25	115.6	24.0	1.47	1.00	13.4	5.1
1/26	107.4	31.8	1.95	1.15	10.1	5.8
1/27e	122.2	35.2	2.19	1.20	9.0	6.1
1/28e	147.8	39.3	2.46	1.30	8.0	6.6

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

The UK used car market contracted c 3% y-o-y, but Advantage's Q227 performance has materially bucked the trend. Year-to-date transactions were up c 50% y-o-y, with a similar increase in advances to £105m at H1. Capital receivables stand at £408m, and new deal levels are now above budget. The company has increased productivity within its customer relations department by c 50% with targeted use of AI and consistent improvement of processes. Advantage's performance should lead to higher profitability in H227 and beyond.

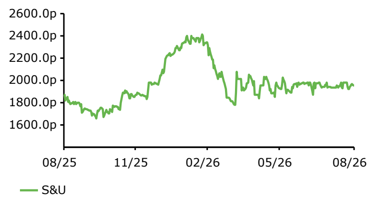
Aspen, the property bridging company, faced a softer UK property market in the last quarter. That said, capital receivables increased by c 30% y-o-y to £208m. Slower repayment patterns and a more difficult sales environment could weigh on Aspen's profitability in the near term. Credit quality and collections remained at similar levels to last year, with late and beyond-term customers at c 7% of the loan book.

Group borrowings at the end of Q2 were c £285m against current funding facilities of £330m, providing sufficient headroom for growth. The company will give details of its major refinancing and securitisation project in September, which should help drive future lending growth.

On c 9x FY27e P/E, S&U's 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 FY27 growth continues to materialise. The dividend yield of c 6% offers attractive income support, while awaiting a recovery in earnings. The company will announce its interim results for the half year ending 5 August on 29 September 2026

Price	**1,970.00p**
Market cap	**£240m**
Net cash/(debt) as at 31 January 2026	£(241.8)m
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.

Analysts

Martyn King	+44 (0)20 3077 5700
Jonathan Richards	+44 (0)20 3077 5700

financials@edisongroup.com

Edison profile page

S&U is a research client of Edison Investment Research Limited

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom