EDISON

S&U

New securitisation facilities to bolster funding

Financial services

27 October 2026

S&U has issued an update confirming two new securitisation facilities providing up to £600m of funding over an initial three-year period. The separate facilities will be split £350m for Advantage, the motor finance business, and £250m for Aspen, the property finance business. Together they represent a significant increase to S&U's prior £330m funding arrangements, and with improved rates should lower the group's funding costs. That said, S&U will continue its disciplined lending practices focused on high returns on equity and capital employed. The new facilities should help drive down costs and increase profitability for both Advantage and Aspen. Although the specific terms of the deals have not been announced due to commercial considerations, the company will engage with interested shareholders upon request. Overall, we view S&U's new facilities as an important milestone with a view to bolstering lending capacity, driving growth and increasing group profitability over the next three years.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
1/25	115.6	24.0	1.47	1.00	12.8	5.3
1/26	107.4	31.8	1.95	1.15	9.6	6.1
1/27e	122.2	35.2	2.19	1.20	8.6	6.4
1/28e	147.8	39.3	2.46	1.30	7.6	6.9

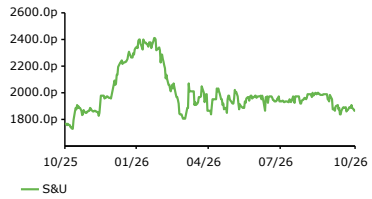
S&U's management believe these new facilities will underpin the group's growth ambitions and represent possibly the most transformative event at S&U for 20 years. The two separate facilities for Advantage and Aspen have been structured in a similar way, although the Advantage facility will be hedged by a balance guaranteed swap as and when receivables are pledged. The company will also maintain a small revolving credit facility of up to £25m at Advantage to provide funding flexibility and further cover.

S&U has invested an additional £43.3m in net borrowings in the first half of FY27 to fund a record £541.0m of net receivables. Importantly, the covenants and credit-quality conditions governing the new facilities reflect S&U's traditionally disciplined approach to underwriting and funding. With this in mind, the new facilities open up opportunities for sustainable, responsible growth in both businesses. This could drive a doubling of receivables by 2030 while simultaneously expanding the group's net interest margin.

S&U's shares are currently trading on 8.6x FY27e and 7.6 FY28e P/E, at a material discount to historical valuation levels and imply a discount to book value. There is a strong potential for a re-rating as FY27 and FY28 profitability continues to increase, helped by the lower funding costs from the new securitisation facilities. The dividend yield of 6.4% offers attractive income support, while awaiting a recovery in earnings. The company will announce its Q3 results on 18 November 2026.

Price	**1,880.00p**
Market cap	**£228m**
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.

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