



9 February 2010

**S&U plc**

**(S&U" or "the Company")**

### **YEAR END TRADING UPDATE**

S&U, Britain's foremost niche home credit and motor finance provider, today issues a trading update for the period from 8<sup>th</sup> December 2009 to 31<sup>st</sup> January 2010. The company is pleased to announce that it is trading well and that results are in line with market expectations.

S&U will announce its results for the year ending 31<sup>st</sup> January 2010 on 24<sup>th</sup> March 2010.

#### **Home Credit**

Home credit sales, both loans and vouchers, exceeded expectations in December and trading and profitability for this period was very satisfactory. Although our much valued and personal weekly service to our customers was disrupted in some areas in the early part of January due to severe weather conditions, collections remained robust and any temporary rise in impairment levels has since recovered well. We have recently expanded our product range and have a strong platform to make further progress in the current financial year.

#### **Motor Finance**

Year on year sales at Advantage, our motor finance business which comprises around 30% of group revenues, were very buoyant in both December and January. Collection results from recent loan batches remain good, so that, although impairment levels have risen slightly during 2009, existing trends and high underwriting standards point to a return to historic impairment levels in 2010.

Advantage's extension of its product range into non-prime as well as sub-prime markets has been successful. Margins have been maintained and the initial net cash return is looking extremely promising. As a result we would anticipate a resumption in transaction growth next year as both the used car market and the economy returns to growth.

#### **Funding and Treasury**

S&U's balance sheet continues to strengthen. Group borrowings have reduced by £5m since the end of last year despite the seasonal funding required for the very successful

sales in both home credit and motor finance over Christmas. Gearing is currently around 57% against 74% 2 years ago. As a result we have significant funds available to continue our policy of both organic and acquisitive expansion.

### **Dividend**

In view of the Government's tax increases from April 2010, and our strong treasury position, the Board has approved payment of a second interim dividend of 15p per ordinary share on the 19<sup>th</sup> March to holders on the register on the 26<sup>th</sup> February. It is our intention, subject to unforeseen circumstances, to recommend paying a final dividend on 4<sup>th</sup> June 2010 of not less than 8p per ordinary share for the year ending 31<sup>st</sup> January 2010.

### **Commenting on the Group trading and outlook, Anthony Coombs, Chairman of S&U plc said:**

"Despite the uncertain economic and political outlook, S&U's consistency of approach both strategically and in its relationship with its customers, bodes well for continued progress throughout the Group. Current trading in both our home credit and motor finance divisions reflects these promising trends. In addition, we are actively pursuing expansion within our existing markets this year through acquisitions. These efforts will be reflected in both S&U's profitability and in the returns we make to shareholders"

### **For further information, please contact:**

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