

22 May 2009

Interim Management Statement

S&U, Britain's foremost niche home credit and motor finance provider, today issues an interim management statement for the period from 1 February 2009 to 21 May 2009, ahead of its Annual General Meeting being held later today.

Home Credit

The quality of Loansathome4u's customer debt continues to improve despite uncertain consumer confidence and a more difficult labour market. Whilst general economic conditions and more conservative underwriting policies have constrained sales, and home credit revenues are down by 2% on the same period last year, customer numbers continue to grow and in May 2009 are actually up 3% year on year. Together with a shorter debt profile this will buttress the current encouraging trends on both cash generation and profitability for S&U's half and full financial years.

Motor Finance

Advantage, our motor finance business, which accounts for 30% of Group revenues continues to trade well and to see profits on budget. Here too sales have been sensibly constrained by our higher underwriting hurdles and by conditions within the used car market. The withdrawal of major competitors from the market and consumers move towards budget priced cars present significant opportunities to develop Advantage's existing customer base. Our intention is to develop these opportunities gradually as and when economic conditions become more certain.

During the period, new business collections reflect the higher initial quality of our loans and are performing at record levels whilst overall collections are stable. Customers continue to trade on less often and the number of early redemptions is 26% down on the same period last year. The customers thus retained helped Advantage generate a revenue increase of 7% versus the same period last year. Again current levels of profitability are encouraging.

Funding and Capital

S&U's financial position is strong and becoming stronger. Since the year end Group borrowings have been reduced to £27.6m (May 2008: £29.7m) as both divisions generate cash. Current Group debt is covered by core borrowing facilities whilst significant additional facilities are available for both organic growth and acquisition.

Outlook

Whilst it would be unwise to over anticipate any green shoots of recovery, S&U is cautiously optimistic about the outlook and is trading in line with its expectations in the year to date.

S&U will issue a further trading update following its half year ending 31 July 2009. The interim results are scheduled for release in September 2009.

Commenting, Mr Anthony Coombs, S&U Chairman, said:

"S&U has the right strategy for dealing with the presently uncertain economic environment. Current trends in trading give reason for cautious optimism".

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