

PensionBee Group plc
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20 April 2023

PensionBee Group plc

Trading Update for the quarter ended 31 March 2023

Continued Growth across all Key Metrics Ongoing Adjusted EBITDA Profitability by end of 2023

PensionBee Group plc ('PensionBee' or the 'Company'), a leading online pension provider, today announces a trading update for the quarter ended 31 March 2023.

Highlights

- Continued strong customer growth, with Invested Customers having increased by 44% year on year to 198,000 (March 2022: 138,000).
- Assets under Administration increased by 23% year on year to £3,379m (March 2022: £2,747m), demonstrating PensionBee's resilience to global market volatility.
- Successfully launched the Impact Plan.
- Commitment to continuous product innovation and outstanding customer service resulted in a high Customer Retention Rate of c.97%.
- LTM Revenue increased by 30% to £19m (March 2022: £14m) and for the quarter Revenue increased by 28% to £5m (March 2022: £4m).
- Adjusted EBITDA increased by 48% to £(5)m and Adjusted EBITDA Margin increased by 141ppt to (98)%, reflecting the Company's focus on both growth and operating leverage.

PensionBee delivered strong growth across all its key performance indicators in the first quarter of the year, with Assets under Administration ('AUA') increasing by 23% to £3,379m. The Company has seen excellent momentum in the growth of the customer base, adding c.14,000 new Invested Customers in the first quarter, taking the overall Invested Customer base to 198,000. This demonstrates the continued success of its data-led, multi-channel customer acquisition approach and the clear demand for its customer-focused proposition. Revenue for the quarter also grew by 28% year on year to £5m as a result of strong Net Inflows from new and existing customers, with LTM Revenue reaching £19m. The Company's high Customer Retention Rate and AUA Retention Rate, both c.97%, have continued to drive recurring revenue.

As previously reported, the Company achieved prompted brand awareness of c.50%, allowing for further reduction of the Cost per Invested Customer. Its scalable, secure technology platform has continued to generate operating leverage and margin improvement.

PensionBee continuously innovates and adapts its products to suit the evolving needs of its customers. This was reflected in the successful launch of its Impact Plan early this year, which invests exclusively in companies that seek to solve the world's great social and environmental problems, aligning with PensionBee's focus on using its influence to build a better world. Over the quarter, it also rolled out enhanced help functionality for customers, an online tax relief calculator to enable customers to make the most of their pension contributions ahead of the tax year-end, and additional automation projects to reduce manual processing. The Company's focus on outstanding customer service, evidenced through the maintenance of an Excellent Trustpilot rating, was delivered through rapid response times on the phone and on live chat.

Outlook

The Board remains confident in PensionBee's potential for continued growth and profitability, due to its ability to attract new customers that generate growth in recurring revenue through its scalable technology platform.

The Company is pleased to reiterate the guidance previously provided at the time of the 2022 full year results. Its strong cash balance of £17m leaves it well-placed to pursue a c.2% market share target of the substantial £700bn UK transferable pensions market over the next 5-10 years.

The Company remains on track to further reduce the Cost per Invested Customer, expecting to achieve ongoing Adjusted EBITDA profitability by the end of 2023 and profitability for the full year 2024.

Analyst and Investor Presentation

There will be a presentation for analysts and investors this morning at 8:30am via webcast. Please contact pensionbee@teneo.com if you would like to attend.

Romi Savova, CEO of PensionBee, commented:

"We are delighted to report a strong start to the year, with significant increases in Revenue and Assets Under Administration driven by substantial growth in our Invested Customer base. We have continued to invest in our technology platform, making pensions simple for more and more people across the country."

The market opportunity for PensionBee is vast and our strong cash balance leaves us well-positioned to capture market share. Our focus is on supporting our customers and colleagues during these uncertain times, while we work towards our mission of making pensions simple so that everyone can look forward to a happy retirement."

Financial Summary

	For the 3 or 12 month Period Ending			
	Mar-2022	Dec-2022	Mar-23	YoY change
AUA (£m) ¹	2,747	3,025	3,379	23%
AUA Retention Rate (% of AUA) ²	>95%	>95%	>95%	Stable
Invested Customers (thousands) ³	138	183	198	44%
Customer Retention Rate (% of IC) ⁴	>95%	>95%	>95%	Stable
Cost per Invested Customer (£) ⁵	268	248	252	As guided
Realised Revenue Margin (% of AUA) ⁶	0.64%	0.63%	0.64%	Stable

	For the 3 or 12 month Period Ending			
	Mar-2022	Dec-2022	Mar-2023	YoY change
Revenue (£m) ⁷	4	18	5	28%
LTM Revenue	14	18	19	30%
Adjusted EBITDA (£m) ⁸	(10)	(20)	(5)	48%
Adjusted EBITDA Margin (% of Revenue) ⁹	(238)%	(110)%	(98)%	141ppt
LTM Adjusted EBITDA	(22)	(24)	(15)	(32)%
LTM Adjusted EBITDA Margin	(151)%	(110)%	(79)%	72 ppt

	For the 3 or 12 month Period Ending			
	Mar-2022	Dec-2022	Mar-2023	YoY change
Opening AUA (£m) ¹	2,587	2,587	3,025	17%
Gross Inflows (£m)	284	1,060	297	4%
Gross Outflows (£m)	(47)	(197)	(64)	36%
Net Inflows (£m)	237	863	233	-2%
Market Growth and Other (£m)	(78)	(424)	121	n/a
Closing AUA (£m) ¹	2,747	3,025	3,379	23%

- 1 Assets under Administration ('AUA') is the total invested value of pension assets within PensionBee Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. AUA is a measurement of the growth of the business and is the primary driver of Revenue.
- 2 AUA Retention measures the percentage of retained PensionBee AUA from Transfer Outs over the average of the trailing twelve months. High AUA retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 3 Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
- 4 Customer Retention Rate measures the percentage of retained PensionBee Invested Customers over the average of the trailing twelve months. High customer retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 5 Cost per Invested Customer ('CPIC') means the cumulative advertising and marketing costs incurred since PensionBee commenced trading up until the relevant point in time divided by the cumulative number of Invested Customers at that point in time. This measure monitors cost discipline of customer acquisition. PensionBee's desired CPIC threshold is £200-£250.
- 6 Realised Revenue Margin is calculated by using the last twelve months of Recurring Revenue over the average quarterly AUA held in PensionBee's investment plans over the period.
- 7 Revenue means the income generated from the asset base of PensionBee's customers, essentially annual management fees charged on the AUA, together with a minor revenue contribution from other services.
- 8 Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.
- 9 Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

Contacts

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About PensionBee

PensionBee is a leading online pension provider, making pension management easy for its customers while they save for a happy retirement.

PensionBee helps its customers combine their old pension pots, make flexible contributions, invest in line with their goals and values and make withdrawals from the age of 55 (increasing to 57 in 2028). PensionBee offers a range of investment plans, including fossil fuel free options, from some of the world's largest asset managers.

Operating in the £1 trillion market of Defined Contribution pension assets, PensionBee has grown rapidly through its direct-to-consumer marketing activities, creating a household brand name for the mass market.

The Company has £3,379m in Assets Under Administration and 198,000 Invested Customers as at 31 March 2023. PensionBee has consistently maintained a Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating, reflecting its commitment to outstanding customer service.