

PensionBee Group plc
Incorporated in England and Wales
Registration Number: 13172844
LEI: 2138008663P5FHPGZV74
ISIN: GB00BNDRLN84



Thursday 19 October 2023

PensionBee Group plc

Trading Update for the nine months ended 30 September 2023

**Successful strategy continues to drive strong growth across all key metrics
On track to achieve 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 nine months ended 30 September 2023.

Highlights

- Strong continued customer growth, with Invested Customers having increased by 28% year on year to 223,000 (September 2022: 174,000).
- Assets under Administration increased by 40% year on year to £3,902m (September 2022: £2,788m), underpinned by strong Net Inflows from new and existing customers.
- Customer Retention remains >95%, driven by our focus on customer satisfaction and continuous product innovation.
- LTM Revenue increased by 32% to £22m (Sept 2022: £17m) and the first nine months' Revenue increased by 33% to £17m (September 2022: £13m).
- Year to date Adjusted EBITDA of £(9)m (September 2022: £(18)m) improving by 51% year on year, driven by strong Revenue growth and cost efficiencies across the business. Adjusted EBITDA Margin for Q3 was (17)%, compared to (98)% and (50)% in Q1 and Q2 respectively, demonstrating a clear path to Adjusted EBITDA profitability by the end of 2023.

PensionBee delivered strong growth across all of its key performance indicators in the first nine months of the year, with Assets under Administration ('AUA') increasing by 40% to £3,902m.

The Company has seen excellent momentum in the growth of its customer base, adding approximately 40,000 new Invested Customers in the first nine months of the year, taking the overall Invested Customer base to 223,000. This demonstrates the continued success of its data-led, multi-channel customer acquisition approach and highlights the clear demand for its customer-focused proposition.

Revenue for the first nine months of the year grew by 33% year on year to £17m as a result of strong Net Inflows from new and existing customers, with LTM Revenue increasing by 32% to £22m. The Company's sustained high Customer Retention Rate and AUA Retention Rate, both >95%, have continued to drive recurring Revenue.

Continued Advancement of Strategic Goals

The Company's £9m marketing investment across the last three quarters has driven sustained brand awareness and customer acquisition. PensionBee has focused on cost-effective brand channels, such as YouTube and Tik Tok, reaching millions of consumers. This approach has been accompanied by continued investment in performance channels focused on search and social media, with data-led insights driving decision-making. The Cost per Invested Customer has continued to demonstrate a downward trajectory, in line with expectations, given the depth of the Company's marketing capability in efficient customer acquisition.

PensionBee has continued to innovate, ensuring it meets the needs of its customers and supports their engagement. It has maintained its commitment to providing customers with helpful tools they need to achieve their retirement goals, such as its public calculators and informative video series. In addition, our award nominated podcast is now available within the app, making it easy for customers to access valuable content on the go. The Company's focus on delivering outstanding customer service has been evidenced through its Excellent Trustpilot rating and rapid response times on the phone and live chat.

The Company has continued to invest in the scalability of its technology platform through a focus on internal automation, efficiency, security and pension transfer improvements to support productivity. There has been further integration with the Company's proprietary data platform and product development processes to facilitate best practice decision making, as reflected by an 11% improvement in productivity.¹ PensionBee is focused on cyber security and providing a secure experience for its customers and has implemented a mandatory two-factor authentication for all customers.

Outlook

The Board remains confident in PensionBee's potential for continued growth and profitability, due to a combination of the strength and stability of its existing customer base, together with 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. The Company's ambition is to pursue a c.2% market share target of the substantial £700bn UK transferable pensions market over the next 5-10 years, translating to a Revenue ambition of approximately £150m.

The Company remains on track to further reduce Cost per Invested Customer, expecting to achieve ongoing Adjusted EBITDA profitability by the end of 2023 and for the full year 2024. PensionBee expects to achieve long-term EBITDA Margins in excess of 50%, leveraging the scalability of its technology platform and maintaining its high quality service. This is supported by the Company's continued positive momentum in its trading performance and growth in key indicators, such as Invested Customers and AUA. PensionBee continues to maintain a strong cash balance of £12.5m.

Analyst and Investor Presentation

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

Romi Savova, CEO of PensionBee, commented:

"We are pleased to have continued growing our customer base throughout the year, helping more and more consumers to become Pension Confident. Our customers prioritise their retirement savings, ensuring they can keep track of their pensions by consolidating them and topping up their contributions. As a result, we have continued growing our Assets Under Administration and Revenue. We are confident in the delivery of ongoing Adjusted EBITDA profitability by the end of the year, marking an important milestone in PensionBee's corporate trajectory."

Financial Summary

	As at Period End		
	Sept-2022	Sept-2023	YoY change
AUA (£m)²	2,788	3,902	40%
AUA Retention Rate (% of AUA) ³	>95%	>95%	Stable
Invested Customers (thousands) ⁴	174	223	28%
Customer Retention Rate (% of IC) ⁵	>95%	>95%	Stable
Cost per Invested Customer (£) ⁶	253	244	(4)%
Realised Revenue Margin (% of AUA) ⁷	0.64%	0.65%	+1bp

	For the Trailing 12-month Period Ending		
	Sept-2022	Sept-2023	YoY change
LTM Revenue	17	22	32%
LTM Adjusted EBITDA	(23)	(10)	55%
LTM Adjusted EBITDA Margin	(137)%	(46)%	91ppt*

	Over the 9-month Period Ending		
	Sept-2022	Sept-2023	YoY change
Revenue (£m)⁸	13	17	33%
Adjusted EBITDA (£m) ⁹	(18)	(9)	51%
Adjusted EBITDA Margin (% of Revenue) ¹⁰	(143)%	(52)%	90ppt*

	Over the 9-month Period Ending		
	Sept-2022	Sept-2023	YoY change
Opening AUA (£m)²	2,587	3,025	17%
Gross Inflows (£m)	838	923	10%
Gross Outflows (£m)	(150)	(231)	54%
Net Inflows (£m)	688	692	1%
Market Growth and Other (£m)	(487)	185	n/a
Closing AUA (£m)²	2,788	3,902	40%

Notes

* ppt is the absolute change in percentage.

- Invested Customers per Staff Member calculated using LTM average for total workforce. Management information as at 30 September 2023.
- 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.
- 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.
- Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
- 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.

- 6 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.
- 7 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.
- 8 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.
- 9 Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.
- 10 Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

Contacts

PensionBee
Rachael Oku
Laura Dunn-Sims

press@pensionbee.com

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 and impact investing 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 c.£3.9bn in Assets Under Administration and 223,000 Invested Customers as at 30 September 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.

PensionBee is admitted to trading on the Premium Segment of the London Stock Exchange's Main Market (LON:PBEE)