PensionBee Group plc
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Wednesday 24 January 2024

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PensionBee Group plc

Trading Update for the twelve months ended 31 December 2023

Successful strategy drives strong performance for 2023
Adjusted EBITDA Profitability achieved for Q4 2023

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

Highlights

- Strong continued customer growth, with Invested Customers having increased by 25% year on year to 229,000 (December 2022: 183,000).
- Assets under Administration increased by 44% year on year to £4.4bn (December 2022: £3.0bn), underpinned by strong Net Inflows from new and existing customers.
- Customer Retention Rate remained >95%, driven by customer satisfaction and continuous product innovation.
- Revenue increased by 35% to £24m (2022: £18m), with Annual Run Rate Revenue having increased by 44% to £28m (2022: £20m).
- Adjusted EBITDA of £(8)m (2022: £(20)m) improved by 57% year on year, driven by strong Revenue growth and cost efficiencies across the business.
- Adjusted EBITDA profitability achieved in Q4 2023, with positive Adjusted EBITDA Margin of 8% as compared to (98)%, (50)% and (17)% in Q1, Q2 and Q3 respectively.

PensionBee delivered strong growth across all of its key performance indicators, with Assets under Administration ('AUA') increasing by 44% to £4.4bn. The Company has seen excellent momentum in the growth of its customer base, adding approximately 46,000 new Invested Customers across the year, taking the overall Invested Customer base to 229,000. 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 grew by 35% year on year to £24m as a result of strong Net Inflows from new and existing customers, with the Annual Run Rate Revenue increasing by 44% to £28m[1]. 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 £9.7m marketing investment across the year, bringing the cumulative marketing investment since inception to £55m, has driven sustained brand awareness and customer acquisition. PensionBee's brand awareness activities for the year have been centred on cost-effective channels such as radio, television and sports sponsorship. This approach has been accompanied by continued investment in performance channels such as search and social media, with data-led insights driving decision-making. Cost per Invested Customer ('CPIC') has continued to demonstrate a downward trajectory with the achievement of an In-Period CPIC for 2023 of £212[2], highlighting the Company's marketing capability and efficiency of spend.

PensionBee has continued to innovate, to meet the needs of its customers and support their engagement. It has continued to provide customers with helpful tools they need to plan for their retirement, such as its tax relief, state pension and inflation calculators, and the introduction of in-app withdrawals has enabled customers at retirement age to pay themselves a salary through retirement. The award-winning Pension Confident Podcast was also made available within the app, making it easy for customers to directly access valuable content on the go.

The importance that the Company places on delivering outstanding customer service has been evidenced through the achievement of a 4.6★ Excellent Trustpilot rating from approximately 10,000 Trustpilot reviews, and consistently rapid response times on phones and live chat.

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PensionBee has continued to invest in the scalability of its technology platform through internal automation, efficiency, security and pension transfer improvements to support productivity, as demonstrated by a 15% improvement in productivity.[3] The Company continued to prioritise security and its customers' cyber safety, through its successful ISO27001 re-certification, the onboarding of a new 24/7 security operations centre and the implementation of 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, with an ambition 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 Adjusted EBITDA profitability for the full financial year of 2024, having successfully achieved Adjusted EBITDA profitability for the fourth quarter of 2023. 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.

Romi Savova, CEO of PensionBee, commented:

"We are pleased to have substantially grown our customer base throughout the year to approximately 230,000 with £4.4bn of Assets under Administration, helping these customers prioritise and engage with their retirements.

As we approach 10 years since inception, we have reached a pivotal point in our corporate journey - the achievement of Adjusted EBITDA profitability across the fourth quarter of 2023.

Looking forward, we are confident in the continued growth of the business and the delivery of profitability for the full year 2024, as we continue to help more and more consumers become Pension Confident."

Analyst, Investor and Press Presentation

There will be a webcast presentation for analysts, investors and press on Wednesday 24 January at 5:00pm UK (GMT) / 12:00pm US (EST). Please contact press@pensionbee.com if you would like to attend.

Alternatively you can register and access the webcast with the following links:
Webcast Link: Webcast for video presentation
Conference Call Link: Conference call for Q&A

Financial Summary

	As at Period End			
	Dec 2021	Dec 2022	Dec 2023	*YoY change*
AUA (£m)[4]	**2,587**	**3,025**	**4,350**	**44%**
AUA Retention Rate (% of AUA)[5]	>95%	>95%	>95%	*Stable*
Invested Customers (thousands)[6]	117	183	229	25%
Customer Retention Rate (% of IC)[7]	>95%	>95%	>95%	*Stable*
Cost per Invested Customer (£)[8]	246	248	241	(3)%
Realised Revenue Margin (% of AUA)[9]	0.64%	0.63%	0.64%	*+1bp*

	Over the 12-month Period Ending			
	Dec 2021	Dec 2022	Dec 2023	*YoY change*
Revenue (£m)[10]	**13**	**18**	**24**	**35%**
Cost Base (£m)	(29)	(37)	(32)	(13)%
Adjusted EBITDA (£m)[11]	(16)	(20)	(8)	57%
Adjusted EBITDA Margin (% of Revenue)[12]	(129)%	(110)%	(35)%	75ppt

	Over the 12-month Period Ending			
	Dec 2021	Dec 2022	Dec 2023	*YoY change*
Opening AUA (£m)[4]	**1,358**	**2,587**	**3,025**	**17%**
Gross Inflows (£m)	1,099	1,060	1,174	11%
Gross Outflows (£m)	(145)	(197)	(318)	61%
Net Inflows (£m)	**955**	**863**	**857**	**(1)%**
Market Growth and Other (£m)	275	(424)	464	n/m
Closing AUA (£m)[4]	**2,587**	**3,025**	**4,350**	**44%**

Closing AUA (£m)*	2,667	3,025	4,350	44%

	Over the 3-month Period Ending			
	Q4 2021	Q4 2022	Q4 2023	YoY change
Revenue (£m)[10]	4	5	7	39%
Adjusted EBITDA (£m)[11]	(5)	(1)	1	n/m
Adjusted EBITDA Margin (% of Revenue)[12]	(118)%	(25)%	8%	33ppt

Notes

* ppt is the absolute change in percentage.

1 Annual Run Rate ("ARR") Revenue is calculated using the Recurring Revenue for the relevant month multiplied by 12.

2 In-Period CPIC is defined as the marketing costs for the relevant period divided by the number of Invested Customers for that same period.

3 Invested Customers per Staff Member calculated using LTM average for total workforce. Management information as at 30 December 2023.

4 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.

5 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.

6 Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.

7 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.

8 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.

9 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.

10 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.

11 Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.

12 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 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.£4.4bn in Assets Under Administration and 229,000 Invested Customers as at 31 December 2023. PensionBee has consistently maintained a Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating from more than 10,000 customers, 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).

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