PensionBee Group plc
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PensionBee Group plc

Q2 2024 Results

Successful Strategy drives Strong Performance
Positive Adjusted EBITDA achieved in Q2

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PensionBee Group plc ('PensionBee' and together with its subsidiary companies the 'Group'), a leading online pension provider, today announces a trading update (unaudited) for the quarter ended 30 June 2024.

Group Financial Highlights

- Assets under Administration increased by 40% year on year to £5.2bn (June 2023: £3.7bn), underpinned by strong Net Flows from new and existing customers and supportive markets.

- Revenue for the quarter increased by 40% to £8m (Q2 2023: £6m), with Annual Run Rate Revenue having increased by 39% to £32m (June 2023: £23m).[1]

- Invested Customers increased by 19% year on year to 252,000 (June 2023: 211,000), demonstrating strong continued growth. Customer Retention Rate was 96%, driven by continued strong customer satisfaction (4.7★ Trustpilot score) and ongoing product innovation.

- Positive Adjusted EBITDA achieved for the Group for the quarter (Q2 2024: £0.1m vs. Q2 2023: £(2.9)m), with the UK business remaining on track to achieve Adjusted EBITDA profitability for FY 2024.

- Strong cash balance of c.£10.9m as of June 2024.

United Kingdom

Continued Advancement of Strategic Goals

- ***Efficient Investment in Customer Acquisition and Growing Brand Awareness:*** PensionBee's UK business continued to grow its brand and acquire customers efficiently, investing £2.3m in diversified marketing activities across the quarter, bringing the cumulative marketing investment since inception to £61m. Each £1 of marketing expenditure generated £82 of Net Flows in H1 2024 an increase of 20% year on year (H1 2023: £69), demonstrating the effectiveness of marketing expenditure deployed.[2] Cost per Invested Customer continued to demonstrate a downward trajectory (Q2 2024: £242 vs. Q2 2023: £247), highlighting the strength of the Company's marketing capability, the efficiency of spend, and the importance of household brand awareness in driving customer acquisition.[3]

- ***Leadership in Product Innovation:*** PensionBee has continued to innovate to meet the needs of its UK customers. PensionBee has released helpful, engaging tools, such as new investment-related features providing increased transparency and educational content.

- ***Focus on Excellent Customer Service:*** The delivery of excellent customer service has continued to be prioritised, as evidenced through the achievement of a 4.7★ Excellent Trustpilot rating from approximately 10,900 Trustpilot reviews and the maintenance of rapid customer response times through tax year end.

- ***Investment in and Development of Leading Technology Platform:*** PensionBee has continued with its ongoing investment in the scalability of its technology platform, which continues to underpin its competitive advantage. Efficiency improvements through internal automation, security and pension transfer improvements, have delivered a 23% productivity improvement year on year (Q2 2024: 1,264 Invested Customers / FTE vs. Q2 2023: 1,026 Invested Customers / FTE).[4]

UK Guidance and Outlook

PensionBee is pleased to reiterate the guidance previously provided.

UK Revenue Objectives:

- Aim to deliver sustained and high Revenue growth by continuing appealing to the mass market, acquiring more new customers and growing customers' pension balances.

- Pursue a c.2% market share of the £1.2tr UK transferable pensions market over the next 5-10 years, equivalent to c.1m Invested Customers (assuming an average pension pot size of £20,000-25,000).[5]

- Expect to maintain relative Revenue margin stability, translating into a long-term Revenue ambition of c.£150m in the UK.

UK Profitability Objectives:

- Given historical investment in brand and technology over many years, and the achievement of ongoing Adjusted EBITDA profitability in the final quarter of 2023 and again in this quarter, the UK business is on track to deliver Adjusted EBITDA profitability for the full year 2024.

- Ambition to achieve long-term EBITDA Margins of over 50%, leveraging the scalability of the technology platform, through further automation while maintaining the high quality of service, and by steadily continuing to reduce the Cost per Invested Customer.

United States

Update on PensionBee Launch

- On 18 July 2024, PensionBee announced the launch of its US business, confirming that its subsidiary PensionBee Inc. had entered into a strategic partnership with its long-standing asset management provider, State Street Global Advisors ('State Street'). The United States is the world's largest Defined Contribution pension market, representing approximately 80% of the global total and $22.5tr in assets.[6]

- PensionBee will deploy its award-winning online retirement proposition and proprietary technology, enabling US consumers to easily consolidate and roll over their 401(k) plans and Individual Retirement Accounts ('IRAs') into one new PensionBee IRA. PensionBee Inc. is registered with the Securities and Exchange Commission ('SEC') as an investment adviser, enabling the company to operate federally and statewide without additional registrations.

- PensionBee Inc. offers a range of investment portfolio options, with underlying State Street model portfolios. Each investment portfolio is constructed exclusively with Exchange Traded Funds ('ETFs') managed by State Street.

- The PensionBee IRA will be offered under a wrap fee program, including the PensionBee advisory service, asset allocation and management fees and custody fees. The overall cost will be 0.85% of assets under management, of which PensionBee will retain approximately 0.55% after asset allocation, investment product and custody costs. The average account balance is expected to be approximately $50,000.

- State Street will provide meaningful marketing support to PensionBee as it uses its data-led, multi-channel customer acquisition approach to attract new customers. Under the terms of the agreement with State Street, the annual amount of the marketing support is variable based on the achievement of certain net new asset thresholds. For example, marketing support is anticipated to be $2m in 2024 and in 2025 the support will be at least $4m. Marketing support is expected to continue for 5-7 years. PensionBee expects a US Cost per Invested Customer of similar proportions to its UK business over time.

- PensionBee Inc. is a wholly owned subsidiary of PensionBee. PensionBee Inc. is financially managed separately to PensionBee Group's UK business. PensionBee Inc. is separately regulated by the SEC.

US Objectives

- PensionBee expects its US business to grow rapidly, aiming to manage $20-25bn in US Defined Contribution assets over the next decade, such that it becomes of equal importance to its growing UK business.

- PensionBee Group will capitalise PensionBee Inc. with an injection from the existing resources of its Group balance sheet (approximately $4m over 36 months).

- PensionBee Inc. is targeting profitability in the medium-term.

Romi Savova, CEO of PensionBee, commented:

"Our substantial growth has continued over the second quarter, with Assets under Administration reaching £5.2 billion and 252,000 Invested Customers in the UK. As we continue to consistently execute on all elements of our strategy, having achieved positive Group Adjusted EBITDA for the second quarter, we remain confident in the delivery of profitability across the UK business for the full year 2024.

We are delighted to expand the reach of our award-winning customer proposition, innovative technology platform and unique marketing approach into the US market, the world's largest Defined Contribution pension market. This marks a significant step towards the achievement of our vision: a world where everyone can enjoy a happy retirement."

Analyst, Investor and Press Presentation

A copy of this Q2 2024 Results Announcement and the accompanying Q2 2024 Results Presentation will be made available post-market close on 24 July 2024 for download at: pensionbee.com/investor-relations/results-and-reports. A recording of the presentation will follow.

There will be a live webcast presentation of the Q2 2024 Results via Investor Meet Company hosted

by Romi Savova (CEO) and Christoph J. Martin (CFO) on Wednesday 24 July 2024 at 5:00pm UK (BST) / 12:00pm US (EST). The presentation is open to analysts, existing and potential investors and press.

Attendees can sign up to the Investor Meet Company platform for free and add to meet PensionBee via:
investormeetcompany.com/pensionbee-group-plc/register-investor

Group Financial Summary

	As at Period End		
	Jun-2023	Jun-2024	YoY change
AUA (£m)[7]	**3,704**	**5,196**	**40%**
AUA Retention Rate (% of AUA)[8]	>95%	>95%	Stable
Invested Customers (thousands)[9]	211	252	19%
Customer Retention Rate (% of IC)[10]	>95%	>95%	Stable
Cost per Invested Customer (£)[11]	247	242	(2)%
Revenue Margin (% of AUA)[12]	0.65%	0.64%	Stable
Annual Run Rate Revenue[1]	23	32	39%
LTM Revenue[13]	20	28	40%

	Over the 6-month Period Ending		
	Jun-2023	Jun-2024	YoY change
Opening AUA (£m)[7]	**3,025**	**4,350**	**44%**
Gross Inflows (£m)	612	695	14%
Gross Outflows (£m)	(143)	(214)	49%
Net Flows (£m)[14]	**469**	**482**	**3%**
Market Growth and Other (£m)	210	364	74%
Closing AUA (£m)[7]	**3,704**	**5,196**	**40%**

	Over the 3-month Period Ending		
	Jun-2023	Jun-2024	YoY change
Revenue (£m)[15]	**6**	**8**	**40%**
Cost Base (£m)	(9)	(8)	(8)%
Adjusted EBITDA (£m)[16]	(3)	0.1	n/m
Adjusted EBITDA Margin (% of Revenue)[17]	(50)%	1%	52ppt*

	Over the 6-month Period Ending		
	Jun-2023	Jun-2024	YoY change
Revenue (£m)[15]	**11**	**15**	**41%**
Cost Base (£m)	(19)	(17)	(8)%
Adjusted EBITDA (£m)[16]	(8)	(2)	75%
Adjusted EBITDA Margin (% of Revenue)[17]	(73)%	(13)%	60ppt*

Notes

* A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

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

2 Cumulative Net Flows over the relevant period divided by Cumulative Marketing spend over the relevant period.

3 PensionBee prompted brand awareness tracker, April 2024. Prompted brand awareness measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 82%, Scottish Widows 74%, Standard Life 68%, PensionBee 55%, Hargreaves Lansdown 40%, Nutmeg 37%, AJ Bell 33%, Interactive Investor 11%

4 Productivity, measured using Invested Customers per Staff Member metric, is calculated using an LTM average for the total workforce. Management information as at 30 June 2024.

5 £1.2tr UK transferable pensions market is as of 2023 while the £722bn reference previously used was as of 2019; as such the increase is driven due to growth over that time period (c.10% CAGR consistent with c.12.5% CAGR in the period before that).

6 Investment Company Institute, 'Release: Quarterly Retirement Market Data' as at 13 December 2023. Includes the sum of DC Plans and IRAs.

7 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.

8 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.

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

10 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.

11   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.

12   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.

13   LTM 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 over the last twelve months.

14   Net Flows measures the cumulative inflow of PensionBee AUA from consolidation and contribution ('Gross Inflows'), less the outflows from withdrawals and transfers out ('Gross Outflows') over the relevant period.

15   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.

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

17   Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

Enquiries

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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. 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 vast 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. PensionBee has £5.2bn of Assets Under Administration and 252,000 Invested Customers as at 30 June 2024. It has consistently maintained a Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating from more than 10,900 customers, reflecting its commitment to outstanding customer service.

PensionBee is listed on the London Stock Exchange (LON:PBEE).

Forward Looking Statements

Statements that are not historical facts, including statements about PensionBee's or management's beliefs and expectations, are forward-looking statements. The results contain forward-looking statements, which by their nature involve substantial risks and uncertainties as they relate to events and depend on circumstances which will occur in the future and actual results and developments may differ materially from those expressly stated or otherwise implied by these statements.

These forward-looking statements are statements regarding PensionBee's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry and markets within which it operates.

These forward-looking statements relate to the date of these results and PensionBee does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the results.

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