CORPORATE PARTICIPANTS
Andrew Wessel
Douglas R. Lebda  LendingTree, Inc. - Founder, Chairman & CEO
John David Moriarty  LendingTree, Inc. - President of LendingTree Next
Trent Ziegler  LendingTree, Inc. - CFO & Treasurer

CONFERENCE CALL PARTICIPANTS
James Eric Friedman  Susquehanna Financial Group, LLLP, Research Division - Senior Analyst
Jed Kelly  Oppenheimer & Co. Inc., Research Division - Director & Senior Analyst
John Robert Campbell  Stephens Inc., Research Division - MD
Melissa Marie Wedel  JPMorgan Chase & Co, Research Division - Analyst
Michael John Grondahl  Northland Capital Markets, Research Division - Senior Research Analyst & Head of Equity Research
Youssef Houssaini Squali  Truist Securities, Inc., Research Division - MD & Senior Analyst

PRESENTATION
Operator
Good day, and thank you for standing by. Welcome to the LendingTree, Inc. Third Quarter 2021 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) And without further ado, I would now like to hand the conference over to one of your speakers today, Mr. Andrew Wessel, Head of IR. Please go ahead, sir.

Andrew Wessel
Thank you, Vic. Good morning, everyone, and thank you for joining us on the call this morning to discuss LendingTree's Third Quarter 2021 Financial Results. On the call today are Doug Lebda, LendingTree's Chairman and CEO; J.D. Moriarty, President of LendingTree Next; and Trent Ziegler, CFO. As a reminder to everyone, we posted a detailed letter to shareholders on our Investor Relations website earlier today. And for the purposes of today's call, we will assume that listeners have read that letter, and we'll focus on Q&A.

Before I hand the call over to Doug to give his remarks, I want to remind everyone that today's call -- that during today's call, we may discuss LendingTree's expectations for future performance. Any forward-looking statements that we make are subject to risks and uncertainties, and LendingTree's actual results could differ materially from the views expressed today. Many, but not all of the risks we face are described in our periodic reports filed with the SEC.

We will also discuss a variety of non-GAAP measures on the call today, and I refer you to today's press release and shareholder letter, both available on our website at investors.lendingtree.com for the comparable GAAP definitions and full reconciliations of non-GAAP measures to GAAP. And with that, Doug, please go ahead.

Douglas R. Lebda  LendingTree, Inc. - Founder, Chairman & CEO
Thanks, Andrew, and thank you to everyone joining us today. Before we get to questions, I'd like to discuss the sustained momentum we have seen across most of our businesses and the diversification benefits we enjoy from the various financial industries we work with. Our deep network of lenders across both the Home and Consumer segments helped us to achieve the high end of our revenue guidance despite the temporary partner
spend declines occurring in the insurance industry. In addition, our new credit facility and strong balance sheet allow us to remain on the offensive while many of our competitors are struggling to operate profitably.

The recent monetization of a portion of our ownership in Stash provides us with additional liquidity. All capital allocation options remain on the table, including further investment in the business, share repurchases and exploring inorganic growth opportunities. This quarter, the Home segment generated record VMD, up 65% of last year as low interest rates led to sustained refinance opportunities and improvement in the purchase market. Mortgage revenue per lead was up 78% over the prior period, an indicator of the value we deliver to our lending partners every day and our ability to survive multiple different types of interest rate cycles.

The Consumer segment also generated impressive results as the recovery from the trough experience at the outset of the pandemic continue. We have more lenders on our personal loan platform than ever before, and our credit card partners remain eager to acquire new borrowers and as the effect of sustained government stimulus wanes. We have new initiatives rolling out, which will help sustain momentum in the consumer business as we move into next year.

My LendingTree is benefiting from the realignment of our management team that we put in place earlier this year. We added 1.1 million new users in the quarter, bringing the total to 20 million. We see an incredible opportunity to add product and functionality to My LendingTree, which will help to provide a best-in-class customer experience that will, in turn, attract additional partners to the platform. We look forward to discussing more about our plans for My LendingTree and all of our businesses at our upcoming Investor Day early next year. Now operator, we’re happy to open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Youssef Squali from Truist.

Youssef Houssaini Squali - Truist Securities, Inc., Research Division - MD & Senior Analyst

So a couple of questions for me. First, on the, Doug, on the insurance business. I think in the letter, you talked about how you believe it’s a temporary phenomenon. And I was just wondering, and I know you went through this in 2016. I was wondering how do you know that it’s temporary versus maybe something structural or potentially competition? And maybe just remind us what happened in 2016 and how long it took you guys to recoup from there? And then...

Go ahead.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Go ahead. Sorry, Youssef, finish up.

Youssef Houssaini Squali - Truist Securities, Inc., Research Division - MD & Senior Analyst

Yes. I mean just kind of how you think we, the investment community should kind of look at that segment over the near term as you've rolled out the Medicare offering, et cetera? And then I have a quick follow-up for...
Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Yes. So let me just broadly, I'll give you my perspective, and then this is -- that's a many angles on that question that these guys, J.D. and Trent should add on as well, too. Without going back to 2016 because every cycle is different, what you're seeing right now is basically insurance companies that are obviously enormous spenders of advertising pulling back -- some insurance companies pulling back bids to reduce the flow of inbound volume because they're facing right now higher loss rates in some, particularly auto insurance. And those rates have not gone through regulators yet.

So -- and that's what our partners tell us that we know our business works. We know our partnerships are strong. And then we're -- and that's what they tell us is going to happen. And it's never fun when that happens. However, it also shows the flexibility of the model when you've got your marketing dialed in like that. I mean this is still a very profitable business for us and because we can market at scale, we can weather this better than most companies can. And I think that's going to create a lot of opportunities.

So when something like this happens, it happens to every, call it, lead supplier in the industry, and they're probably working with 10 or 20 with us being one of the biggest, you'll start to see a lot of weeding out in the same way that we used to have a lot of search engines and now we only have 1 or 2. During cycles like this, it will weed out a lot of the buyers, and it will probably be a long-term benefit for us because we won't have as much media competition. Go ahead, J.D.

John David Moriarty - LendingTree, Inc. - President of LendingTree Next

Youssef, it's J.D. The only thing I would add is let's just talk a little bit about what that cycle is. It's well publicized that the results at the carriers have not been good. It's a combination of 2020 was a great environment, consistent premiums and very low claims because no drivers were on the road. In 2021, drivers get on the road. Obviously, premiums are quite low given the environment that we've had where prices have been driven down, premiums have been driven down. So it was not a good environment and then Hurricane Ida made it worse. So it's pretty obvious to us. It's not an issue of competition. It's an issue of the health of the carrier.

Now if you think about that business relative to our other products, it is somewhat unique in that it has subscription-like qualities to it. The difference is for carriers to increase prices, they have to get state-by-state approvals. So they work through their models, they apply to increase prices. How does that matter for us? We should assume that, that isn't going to change. It's obviously not going to change in 2021. If they get approvals in early '22, they then increase prices.

That is the greatest call to action to a consumer to go search for a new provider or for a better rate. And so that will actually be a good thing for our business. It's just a matter of the cycle. So getting back to your point around comparing this to '16, it's not perfect. It is the most recent period. The business recovered nicely in '17. And then obviously, we were in a position to acquire QuoteWizard at the end of '18. So it recovered pretty quickly. And there is an interesting aspect of it where it drives consumers to comparison shop.

So that's the part that one of the things that we really like about the business is that when prices increase, which they undoubtedly will, it will be to our benefit in terms of focusing consumers on comparison shopping. So we think that will be good. Now in the period, we're really happy with everything going on in our insurance business. And the strategy there has been diversified across products. We're doing that. We've talked a lot about our agency initiatives in P&C and in Medicare. And so there are a lot of really good things going on in insurance.

And then as Doug said, competitively, we come at this with a very profitable insurance business. Many of our competitors are not as profitable. They don't have as much to work with.

So while our margins have come in, in the most recent period, we're still operating a very -- we're able to weather this period better than our competition. And so we're going to continue to invest in a business that we think is a great business for LendingTree.
Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Yes. And that was excellent. And I would -- I wrote down a couple of things while J.D. was talking of -- answering that with my -- answering your question with also my shareholder hat on, it's been excellent capital allocation. It was a great deal, which added a significant leg to the stool. The business has been doing better than we expected and really showed the benefits and synergies that we can also unlock together with an amazing team, but they've been doing better than we expected, and the third thing is they're winning in the market.

And in a tough market, you go through these cycles, and it's worse when I was just in the mortgage business in this type of business, you want to have broad coverage because it makes a lot of things easier and single product is really hard. And so there's a benefit for them being part of us, and there's a benefit of us being part of them, and that's helping us to win in the market right now. And that's -- you weather those and you come back even stronger as you keep gaining market share. That's the whole plan.

Youssef Houssaini Squali - Truist Securities, Inc., Research Division - MD & Senior Analyst

That's super helpful, and very thorough. Just one very quick one. On that capital allocation priority that you just talked about. So congrats on cleaning up the balance sheet, looks a lot stronger now. A little surprised that you guys have not already announced the buyback, just considering how the stock has been acting. Just wondering if you can maybe expand on that a little bit and what are your capital allocation priorities short term?

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Yes. I've -- it would be a little premature to talk. I've got a Board meeting next week, and we're going -- we just -- we're going to present our strategy to the Board, and that will be one of our discussion topics.

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

Yes, Youssef, it's Trent. We've been limited in terms of flexibility just due to the prior credit agreement that we were in and the covenant set up with that, obviously, our leverage profile blew up a little bit just given the trailing EBITDA profile during COVID. But clearly, we're addressing that piece of it. And we've also -- in terms of the new covenants, we've moved from a sort of a total leverage test, the one that just factors in our secured borrowing of which there's very little right now. So we'll have a whole lot more flexibility to put that new found capital to work on a go-forward basis.

Operator

Your next question comes from the line of John Campbell from Stephens Inc.

John Robert Campbell - Stephens Inc., Research Division - MD

So you guys called out the SMB rev. I mean, obviously, a pretty good spike, I think, 50% sequentially. I know you guys don't break out that exact amount anymore, but I be might off course here. I just want to check on this. But if our run rate, what I've got for quarterly SMB revenue, it's implying that you guys are kind of tracking back to that pre-pandemic level. So first, is that about right? And then secondly, you talked to that concierge business as a main driver. Just remind us again what that is and kind of how you feel about SMBs trajectory from here?

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

John, it's Trent. So you're right. So profitability in that business was actually back to or better than pre-COVID levels that we saw in '19. The concierge piece of it that we're referring to is [come the] bifurcation in the model. So we bought SnapCap back in 2017, as we were trying to build our own
sort of the LendingTree version of a small business Lending Exchange, we acquired the SnapCap business, which was somewhat differentiated from the existing model and that it's just a much higher touch model.

That's the concierge piece of it, where you've got pretty knowledgeable sales folks, loan brokers who engage in a meaningful way with the small business owner to consult with them, understand their business, understand their needs and place them in a good product with our network of lenders. And so that piece of it, in particular, has been particularly strong as kind of lending has come back in small business. Obviously, small businesses were hit incredibly hard and lending to small businesses was hit incredibly hard in the teeth of the pandemic. But as that's starting to loosen up, there's a lot of demand there. And so we're pretty bullish on the trends in that business going into next year.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

And John, the only other thing I'd add is imagine that as a stand-alone without getting the benefits of being part of LendingTree and seeing the same product people and working off the same technology and also being able to leverage the same brand, and all of our SEO reach company-wide. And building that pretty much from scratch inside of here was pretty remarkable, and we hope it continues. I think it will. That's one of the last internet lending types, if you will, to come online. And it's here and over time it will get more automated.

John Robert Campbell - Stephens Inc., Research Division - MD

Okay. And then also I called out SMB because it seems like it's kind of a hidden good driver, obviously, within consumer, you're seeing some momentum build there. Also on homes, if you back out the mortgage revenue to get to kind of, I guess, non-refi purchase, I would imagine most of that is HELOC. But that was about $20 million in the quarter. I think the last time you guys were at that level was 3Q '18. So it seems to me that things are going exceptionally well there kind of below the surface. So if you can maybe call out the kind of drivers there and how you feel about that revenue trajectory near term?

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

So home equity going way back in time was the most profitable product because it have the highest conversion rates because the lenders were highly, highly automated. That changed in the '90s and the 2000s, obviously, and slowly but surely, lenders are creeping back into that market. And it's really as simple as you get more lenders in, and that can kick off the flywheel because you can then go start actually advertising as opposed to just picking up draft traffic, which means you get to go back to your advertiser or to your lenders and say do you want more? And let's say lenders are getting it.

So I'm not staring at number of lender accounts sitting in here in front of me. It wouldn't surprise me to see that we probably added lenders and/or at least we added coverage and the monetization's up. And I would expect that to continue.

The other thing -- actually -- and here's another very strong effect, too, that you shouldn't miss. Many lenders from a capacity management standpoint, see purchase, refinance, and home equity as just 3 flavors of a home loan. And so in an environment like last year where you've got all the refi you want coming into your own shop, you don't do as much purchase, you don't buy as much from LendingTree, as we all know. And you don't even turn on your home equity loan officers.

As the market has tightened up for lenders significantly, in terms of their volumes, that's a very significant reason why seeing you're the revenue per lead go up so much there because the demand is very high. It's just like they're bidding up the value of LendingTree leads so that they can all get more, right? And so that effect has happened as well. So you're seeing lenders open up filters to just get more volume in the door, too. But I -- so it's not always a direct correlation up, but there's that as well too. So it's both substance and it's that replacement.
Operator

Your next question comes from the line of Jamie Friedman from Susquehanna.

James Eric Friedman - Susquehanna Financial Group, LLLP, Research Division - Senior Analyst

I just want to get your perspective, maybe for Trent, on the Q4 margin commentary because it is a little bit lower. I realize you have callouts about seasonality, et cetera. But what’s going into the Q4 margin commentary?

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

Yes. I mean so we do expect some pressure on VMM’s predominantly related to insurance. From an EBITDA margin standpoint, obviously, you’re just -- our fixed cost structure is -- it’s not growing, but it stayed about the same size on a reduced base of revenue that decline in revenue sequentially is, again, largely driven by the trends that we’re seeing in insurance, but we also generally take a pretty conservative stance with regard to our other businesses in the fourth quarter.

I mean, there is a real seasonal component to it where consumers are just less focused on their finances. Cost of media gets more expensive. And so fourth quarter is typically a little bit weak for us. So I think I wouldn’t read too much into the EBITDA margin dynamics in Q4, those should bounce back nicely with the rest of the business as we hit the ground running in Q1.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Yes. And typically -- the only thing I would add, is typically, the seasonality effect and Trent alluded to all that for Q4, but it’s also like consumers are focused on, I would say, there’s focus on spending in Q4 and then Q1, they got to clean up their finances. And so you typically see stronger than average of the year, Q1s and weaker than the other quarters in Q4. And then as Trent said, you keep your expenses the same and there you go. We’re not -- and we’re not standing still. We can forecast this business fairly well. And we want to put up the best numbers we can.

James Eric Friedman - Susquehanna Financial Group, LLLP, Research Division - Senior Analyst

So is there -- is there any structural reason that the margins, Doug, can’t return to their previous levels at some point like the previous high levels?

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

No. No reason at all that it can’t. No, I would -- and we all want to be back there. It’s -- that, I think, is a class best. And the only reason they wouldn’t be there is because we had some amazing thing, and we’d tell you about it and say, we’d call it out. But -- and I think you’ll be I think you guys -- I think people will be pleased with what we show you in January. But we’ve got a lot of exciting stuff going on. But yes, I think there’s things are -- when you look under the hood and you look at the individual VMMs and the revenue per lead and the cost of customer acquisition and even winning a 3, 2 game in insurance isn’t exciting, but it’s still a win. And coming out of COVID, I feel really, really very good about how we’re positioned.

John David Moriarty - LendingTree, Inc. - President of LendingTree Next

Jamie, it’s J.D. The only thing I would add is if you look at the momentum in the consumer businesses, which as we know, carry in aggregate higher margins for us we were on our way in aggregate margin to our former margin profile. And over time, as we’ve talked about, as we get more organic or near organic traffic through MyLT, the margin profile in this business should be higher. So -- but for insurance, which we forecasted as we’ve talked about for all the reasons we talked about at the outset of the call, but for insurance, the are margins absolutely recovering just as the mix shift towards consumer helps us out, right?
So we’ve talked about personal loans. Credit card was operating at a much lower margin. It’s still not back to optimal margin, but it’s improving. So every consumer business has very good momentum. And as I said, the trend before the call, there’s some very good stuff going on in consumer. It’s just, unfortunately, as we look at the remainder of the year, we have to be conscious of the macro trend in insurance. We think it’s temporal, but it’s going to weigh on margins in the short run.

James Eric Friedman - Susquehanna Financial Group, LLLP, Research Division - Senior Analyst

Yes, that’s a great way to think about it. Thank you for the structure.

Operator

Your next question comes from the line of Jed Kelly from Oppenheimer.

Jed Kelly - Oppenheimer & Co. Inc., Research Division - Director & Senior Analyst

Just a couple. So on credit cards, in 2019, you did over $200 million in revenue. Is there anything structural or competitive on why that business can’t return to those 2019 levels, say, in the back half of next year into ’23?

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

So I’ll comment just generally speaking about just how credit card works. And it’s going to be -- sound very, very similar. And it’s supply and demand, if you think of us as credit card companies and advertisers and us selling advertising and the price of that advertising fluctuates, if their demand is going up and if their demand is up for high-margin products for them, for example, like balance transfers. So when balance transfers are up, those are high converting and therefore, they pay a lot for those leads, if you will, just like we pay Google a lot for those clicks.

And there’s no reason it can’t return to something like that or even better. However, the thing that I would also focus on this business and the other ones, and we’ll talk more about this in January. It’s not even so much about the individual loan types. It’s really about the fact that the initiatives we’ve got with credit card underway to give you real offers that you can actually go click a button and get as opposed to clicking around and clicking out to every individual cards website, we think we’ve got something that will be differentiated in the market.

And that, that plus the LendingTree brand, then you could get to kick into a whole new flywheel. So this -- the business can be as big as -- it can be a lot bigger, but you need another monetization lag to get back there. So that you can start advertising much more significantly, and we think we can get that through a better experience.

Jed Kelly - Oppenheimer & Co. Inc., Research Division - Director & Senior Analyst

Got it. And then I guess when I look at your financials, your variable marketing profit is probably 90 -- probably end of this year about 95% of 2019. However, your operating expenses are up about 25% over the last 2 years. So how should we think about getting better leverage off your operating expenses?

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

Yes, Jed. It’s only a fair point. If you think about where we’ve been over the last 2 years, right, we made the very conscious decision in the teeth of the crisis to not take any drastic cost-cutting measures at a time when our revenue declined as much as 30%, 35%, and it’s been steadily recovering since. That’s why we made that conscious decision to not take those cost-cutting measures was because we felt like the businesses would come back, and we’re seeing that they have.
At the same time, right, we've further invested in very discrete initiatives and bets that we're placing, that add to the OpEx that we think are going to bear through next year and in the years to come, you're not quite seeing those bets pay off yet. But look, I think we've pushed our chips in on a fair number of those things that we believe in that we expect will add value next year. We don't have to do a whole lot more of that going forward into next year, right? And so as the business continues to make progress and recover, you'll start to see some of that operating leverage show up.

Operator

Your next question comes from the line of Mike Grondahl from Northland Securities.

Michael John Grondahl - Northland Capital Markets, Research Division - Senior Research Analyst & Head of Equity Research

A quick follow-up on the insurance business. Did that affect all of Q3 or just like the second half? And then secondly, can you kind of bridge at a high level, 3Q adjusted EBITDA to 4Q adjusted EBITDA? It's dropping from a little over $40 million to maybe $20 million or so at the midpoint, and it sounds like it's insurance and mortgage. But could you kind of rank the segments the, which ones are kind of being -- which ones are the weakest?

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

Yes, Mike, in terms of sort of timing of the impacts that we've seen in insurance, I think we've started to see the writing on the wall in late Q2, right, and it progressed throughout the third quarter, and it's unfortunately only gotten worse. And so it's been sort of a -- we've been managing it in real time. And so our expectation for the fourth quarter is, I think, appropriately conservative based on kind of the trends that we've been seeing throughout the last 3 or 4 months, we're certainly not alone in experiencing some of those trends.

In terms of just the walk from Q3 to Q4. Obviously, the biggest driver sequentially is going to be insurance. But we do -- the guidance does allow for kind of a modest pullback sequentially in both home and consumer. Obviously, we're not getting the benefit of the student business to the same degree in Q4 that we got in Q3. That's a part of it. So think about the decline from Q3 to Q4 in both home and consumer as modest, and it's a bit more pronounced than insurance for all the reasons that we've talked about.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

And the way I'd characterize Q4 again, like this is -- And it's back to just -- and I love unpacking each loan type. But at the end of the day, Q4 hits everything almost the same. On the demand, on the supply side, where we're going out and buying ads, our customer acquisition costs are going up. It's costing us more money to get customers in the front door in Q4 because the media markets inflate during Q4, and it's harder to buy advertising. So the price of advertising goes up. And when consumers come to the site, they're less interested in borrowing, so they don't convert into customers as much.

So our customer acquisition costs go up and also, then the flip side there, lender demand is going down in Q4 for all the reasons that Trent talked about as late as it used to be the mortgage companies take a couple of weeks off at the end of the year. And so if you have lower demand and higher customer acquisition costs, that -- this is the -- you operate the marketplace at its optimal profitable level. And what it is and that's what it is in Q4. And then that lender demand comes back in Q1 and the customer acquisition costs go down in Q1. And that's why you typically have a very good Q1.

John David Moriarty - LendingTree, Inc. - President of LendingTree Next

But the only thing I would add is try to give you the bridge there, and you said which segments are weakest. Student kind of goes away in the fourth quarter every year. Insurance is the only 1 that has weakness. The others are seasonal, seasonal declines from Q3 To Q4. So in consumer, we see really good trends. So it's really -- it's mostly insurance that's affecting it, for sure.
Got it. And maybe just lastly, at a high level, you guys have been investing a lot over the last roughly 1 year hiring a lot. Are we near the tail end of that wave? Or do you see that continuing for a bunch of quarters going forward? If you could kind of just help us think about that at a high level?

I'll answer and then I think Trent and I will be consistent. We are at the tail end of that wave and feel very good about our -- we're at the end of it.

Yes, Mike, I mean, I think it's similar to the answer to Jed's question. We have continued to make a fair number of investments against very discrete initiatives. The Medicare build-out has been a big part of that. What we're doing around the agency side in property and casualty insurance as well. Those are somewhat headcount-intensive build-out. But we feel like we're in a good place. And yes, we're absolutely at the tail end of that. You should expect our fixed cost structure next year to remain pretty stable. There's not a lot of expected growth in that. And we don't feel like we need it to achieve the type of growth that we expect in the business.

And in my notes, I mentioned the LendingTree Next initiatives. If you think about the business between Marketplace and Next, a lot of those investments over the past several years in products have gone to continue to build that product out. And as the monetization continues to improve there as we develop new customer experiences there, that comes without today an advertising expense and also benefits back with the marketplace as well. And we've got some really interesting initiatives there, and have made some great hires in that area. And those are -- it's still early days in that, but that's where the investments some of -- a lot a decent amount of gone. And I think we're going to build some really great products.

First question for you would be around the partial sale of Stash that you mentioned in your shareholder letter. I was curious if that's really just sort of a liquidity source? Or is that maybe indicative of sort of a broader evolution in your thinking around M&A?

Yes, I can take the financial piece of that, and J.D. can add some color as well. I mean I think we've seen the valuation of that company and of our position in it grow tremendously over the course of the last 1.5 years. We were presented with an opportunity to monetize some portion of it. We ended up selling about 20% of our position, just north of 20% of our position in a sort of a side transaction with some of their existing investors. And so it was a good opportunity for us to take some of our chips off the table, put some cash on the balance sheet. At the same time, we still own a pretty sizable position in that business, and we like the company and where it's headed. But we were able to put $46 million of cash on the balance sheet. We still retain a position that at the same valuation is worth about $160 million. And so it just seemed like an opportunistic transaction in a way for us to monetize some of that investment. But that's increased quite a bit in value since we've been in it.
John David Moriarty - LendingTree, Inc. - President of LendingTree Next

Melissa, the only thing I would add, we were big fans of the team at stash. Our ownership, our residual ownership post-the-sale in no way changes our ability to work with them, which is whenever we make a -- we're not a venture investor. We obviously have a return here that is a venture like return. You got to consider when we invested. We invested in February of '20 on the precipice of COVID. And we look forward to continuing to work with the company but we're continually looking at capital allocation. And so when you consider the totality of what we're trying to achieve, and the questions were asked earlier regarding our balance sheet, this was something that we thought it was just responsible to add to our balance sheet, and it does not change the operational focus.

Now from an M&A perspective, as an acquisitive company, we've looked at a lot of things over the last year. We, in light of where valuations are and in light of our balance sheet, we've been very, very disciplined over the last year. But we do look at things that will be investments. Because they are -- it's not -- there are going to be investments in companies that we can partner with, right? That's the basic theory. If it's something where us having aligned interests helps us advance something from a partnership perspective, we're absolutely willing to invest.

In fact, we're looking at a smaller one right now. That's not our focus. Our focus from an M&A perspective is strategic acquisitions that can drive growth. The good news for us is that the acquisitions that we've made, there's no great urgency to add to the portfolio of businesses right now.

We can continue to grow really nicely in the verticals we're in. But it's -- we've got a great return. We decided to monetize 20% of it, and we'll continue to work with Stash. That's -- it's not -- it doesn't change the way we approach it. It just shows us that we can do both.

Melissa Marie Wedel - JPMorgan Chase & Co, Research Division - Analyst

Okay. Got it. Understood. And that was really quite helpful. I think just as a follow-up question, going back to sort of the pre-COVID or just the inception of COVID. You guys declined to provide full-year guidance and it really seemed to be because of the uncertainty inherent in the environment as a result of the pandemic. And we sort of interpreted that as just the range of outcomes is very wide.

If I listen to your commentary today and talking about the drivers within each of the segments, I would think that it does sound like you feel like the visibility has improved sort of sequentially as we have progressed quarter-over-quarter. Do you feel like you are getting back to a place where you do have that better visibility that you can communicate sort of longer-term expectations to the market?

Trent Ziegler - LendingTree, Inc. - CFO & Treasurer

In short, yes. I mean I think we certainly are getting increasing confidence around our ability to predict the business. Obviously, you can always be surprised by macro factors or otherwise. Obviously, we've been a little bit off guard by what we've seen in insurance over the back half of this year. But yes, as we look out to Investor Day next year, we would certainly like to be in a position to put some guardrails around what '22 looks like and perhaps even further beyond.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

And I'd only add in the last 20-plus years of public company, the last couple of years are really the only years we haven't done a full-year guide. So it's something we're looking forward to get back to as soon as we can give you all good information, we want you to have everything we have short of competitive information that's going to be out, but we want you to have all the data we have, good, bad and indifferent. And we'll tell you what we're going to do about it if it's running. Great question.
Melissa Marie Wedel - JPMorgan Chase & Co, Research Division - Analyst

Looking forward to Investor Day. Thank you.

Operator

Presenters, there are no further questions over the phone. Please continue.

Douglas R. Lebda - LendingTree, Inc. - Founder, Chairman & CEO

Well, thank you very much. I'll just wrap up here very quickly. We appreciate everybody's time today. And I must say that in the last 20-plus years, I am extremely optimistic about our business. The last 2 years have no doubt been a lot of work and hasn't put the EBITDA in the board that we would have liked. And at the same time, we're winning in the market, and I see it on both the marketplace side and on the Next side, and in the insurance business, and I see it and how well we're marketing across all of those businesses as well.

And we're still helping millions of consumers, and we have very strong relationships because our partnerships work. I'm really proud of our team. I'm thrilled with the product work. I know it's been an investment. And I know you've -- that's a little bit of trust me or trust us, and I can tell you that while I don't like having to come in with weaker numbers, and we would like to be putting up it's going to be worth it.

And we didn't -- we've always been a very, very disciplined company, and we were even around product and tech as we grew and it's going to pay off next year. and begin to not only with higher monetization, but also with better consumer experiences, and that's going to fall to the company as the flywheel keeps spinning.

And then the last thing is that all of that works because of the LendingTree brand, gives us a distinct marketing advantage and a distinct market monetization advantage. And the LendingTree brand remains strong and performs extraordinarily well on both TV and across the Internet. And with that, we can continue to leverage that going forward. Thank you all very much, and we'll talk to you next quarter.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.