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TREE - Q4 2018 LendingTree Inc Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the LendingTree, Inc. Fourth Quarter 2018 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded. It is now my pleasure to turn the conference over to your host, Mr. Doug Lebda, Chief Executive Officer. Please go ahead.

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

Thanks, operator, and thank you all for joining the call. I want to use the time this morning to give you my thoughts on the business, run through the progress we're making on key initiatives and provide some context on what we're seeing in the broader market. J.D. will then cover the quarter's financials and our updated guidance. Before we jump in, let me provide the usual disclaimer.

During today's call, we may discuss LendingTree's plans, expectations, outlooks or forecasts for future performance. Forward-looking statements are typically preceded by words such as we expect, we believe, we anticipate or other similar statements. These forward-looking statements 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 LendingTree's periodic reports filed with the SEC.

On this call, we will discuss a number of non-GAAP measures, and I refer you to today's press release available on our website at investors.lendingtree.com for the comparable GAAP measure, definitions and full reconciliations of non-GAAP measures to GAAP.

With that, let's get into it. Overall, I'm very pleased with this quarter's results and everything we're able to achieve in 2018. This past year, in the face of a very challenging mortgage environment, we continued to execute on our diversification strategy, building out our portfolio of brands and businesses. We acquired 4 solid companies that are generating significant synergies and economies of scale. Most importantly, we entered the insurance space with a premier insurance platform, significantly expanding our total addressable market.

With insurance, we now have 5 primary revenue drivers, and each could prospectively contribute roughly 20% of total revenue. In addition, we've made a lot of progress on My LendingTree and have laid the groundwork that will enable us to begin investing in off-line marketing profitably and at scale. Overall, it was a great year.

And now I'd like to walk through some of the highlights and current trends in our different product categories. Let's start with mortgage. There are 2 major points to remember from our strategic approach to mortgage last year. First, our focus has been on the health of the lenders on the LendingTree network, particularly as margins decreased late in the year and in the middle of the year as well. The consequence of focusing on lender health is that our revenue in mortgage throughout 2018 was not as strong as it otherwise would have been.

Second, recall that we indicated at the end of Q3 that we were starting to see some improvement on the cost side of the equation with improving unit economics in mortgage. That cost trend held in Q4. And while we did not see the robust revenue in mortgage, the contribution to the overall business improved. This enabled us to manage the business for VMD, as we always do, through this challenging period. As evidence, while revenue declined 31% year-on-year and 16% sequentially, we were actually able to improve VMD for mortgage by more than 3% in the quarter. Mortgage was actually our second largest contributor in terms of VMD in the quarter.

As we enter 2019, we are optimistic about the macro environment. The drop in rates, combined with reduced capacity and competition, provides a bit of external stimulus to lender profitability. We are optimistic that this will help us return to sequential growth in mortgage.

Additionally, we're continuing to make progress on our initiatives into new mortgage experience. Sushil Sharma, our new Head of Product, has infused new energy, ideas and execution into the team. Today, we're incredibly focused on user segmentation and dynamically routing consumers to the right lender and also ongoing CRM engagement.

The takeaway on the new mortgage experience is that we continue to learn and iterate every day. But importantly, we're in the fortunate position of being able to get this right for consumers, lenders and LendingTree, and we're well on our way.

Next, let's talk about insurance. As we discussed on our December Investor Day, insurance is a huge category with over $9 billion in advertising spend and $4 billion or more from the top 10 players alone. We did a lot of homework prior to aligning with QuoteWizard, and we are thrilled to have found the team that can maximize this great market opportunity. After the first few months, it is very evident to me that we found the right team. They've built a comprehensive insurance business, helping carriers and agents with a full spectrum of marketing products. We acquired long-standing relationships as well as proprietary technology platforms that may actually eventually help the broader LendingTree business.

Lastly, the QuoteWizard team approaches the business just like we do at LendingTree: with a long-term growth mindset but a commitment to profitability. The early signs of progress are very encouraging with QuoteWizard: outperformed our expectations during November and December.

Most exciting is the fact that we've been able to layer on the recently acquired ValuePenguin content business. As a reminder, approximately 80% of ValuePenguin's business is insurance. Over time, we are very confident that QuoteWizard clients will benefit from ValuePenguin's high-quality content. Initial signs of receptivity are very encouraging and way -- and ahead of our plan.

In credit card, we saw an expected seasonal slowdown in traffic and issuer demand, as is typical in the fourth quarter, but we also saw a promising uptick in January following the traditional seasonal pattern. That said, we see several growth opportunities in the card business as we ramp into 2019. One is clearly our brand investment in CompareCards. As we highlighted at Investor Day, we're now running CompareCards-specific TV ads. The early results from those ads have been exceptional as direct site visits to CompareCards were up more than threefold year-on-year in the month of January and branded search traffic was up a remarkable fivefold.

Also, as we've spoken about before, there is tremendous opportunity to optimize the credit card business across the My LendingTree platform. Although we're still in the early stages of that optimization, with credit card revenue through My LendingTree in 2018 less than $1 million, we have already generated $600,000 in January, and we're confident that those efforts can provide sustained growth throughout 2019.

Speaking of My LendingTree, I'm really excited by our progress overall. Revenue contribution from My LendingTree increased 40% year-over-year, and we currently have 4 products within the logged-in experience that have seen at least double-digit year-over-year growth. Our improved app has been performing exceptionally well, with app installs growing 124% year-over-year and active app users up 130% year-over-year. Cumulatively, we now have 10.5 million consumers on My LendingTree. Additionally, we have completed several partner integrations with a handful of major deals in the pipeline. We're looking forward to sharing more information about these partnerships over the next few months.

Personal loans, we continue to see strong growth. The sequential pattern reflected typical fourth quarter seasonality, but we were happy that we were able to grow revenue 32% year-over-year, capping off an exceptional year for personal loans at 52% revenue growth for the full year 2018. Given the numerous acquisitions we've completed over the last several years, it's easy to forget that our personal loans business is entirely homegrown. I'm incredibly proud of the personal loans business and the team behind it.

As we move forward, we have a number of important initiatives in personal loans. First, we are focused on expanding the capacity of our network. Second, we are working to redefine the offer experience and better educate the consumer. Third, we are integrating our personal loans business with a recently expanded credit services platform. And lastly, we are iterating on various machine learning models to better match lenders and borrowers, making our network more efficient.

Before I hand it over to J.D. to walk you through the numbers, I want to call attention to a few other areas of the business. In deposits, which continues to perform well, we now have roughly 5x as many banks on the roster compared to when we first acquired the business, and we're continuing to hear very good feedback from our partners. Small business is also doing well as we're experiencing increased bidding, which translates to higher RPLs. In addition, renewals are becoming an increasing -- increasingly important component of this business, generating a recurring revenue stream and helping to drive higher margins, which is a trend we expect to continue. Compared to Q4 2017, revenue from small business has increased 104%.

We're also beginning to see real traction in SEO with meaningful growth across multiple brands and product categories. DepositAccounts and MagnifyMoney have both doubled their revenue since we acquired the brands in 2017. And through our centralized SEO function, we're becoming a scale player in the content transaction model space.

Our investment in off-line advertising is also resulting in lift across a number of channels, including direct traffic, branded SEM and SEO. We're seeing a 40% year-over-year increase in direct-to-site loan requests, a 43% lift in branded SEM loan requests and a 17% increase in loan requests from SEO channels. Additionally, we will be launching several new TV spots over the next few weeks, focusing on a variety of different loan and credit products, and we'll be able to share more of that information with you on our next earnings call.

Now I'd like to turn it over to J.D. to take you through our financial performance and updated guidance.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Thanks, Doug, and thank you all for joining the call this morning. I'll take a few minutes to provide thoughts on our financial performance in the fourth quarter, our updated guidance for full year 2019 and our newly introduced guidance for the first quarter.

In aggregate, our portfolio of businesses performed very well in the fourth quarter and set us up with nice momentum heading into 2019. Thanks to the ongoing diversification of the business and flexibility in our model, we continue to successfully navigate significant headwinds in our mortgage business to once again deliver variable marketing margin and adjusted EBITDA growth of greater than 30%.

Total revenue in the quarter of $202.7 million was up 26% over the fourth quarter of 2017. As part of that, non-mortgage revenue grew 67% year-on-year to $156 million and represented 77% of total revenue. The newly acquired QuoteWizard business, which closed on October 31, finished the year nicely, contributing $31.3 million of revenue to that total. But it's also worth highlighting that excluding that benefit from QuoteWizard, non-mortgage revenue would have grown 34% compared to last year.

Strength in non-mortgage was once again driven by personal loan revenue, which grew 32% year-on-year to $33.5 million. And we continue to be really encouraged by the progress we're seeing in some of our smaller non-mortgage categories like small business lending and deposits, which are emerging as real contributors to revenue and margin growth. In total, our business generated a record $78.6 million of variable marketing margin in the fourth quarter, up 40% year-over-year.

Beneath variable marketing margin, as we scale the business, we are going through a rebasing of our fixed cost structure with the addition of a meaningful number of employees last year, both through strategic hiring and through the 4 acquisitions we completed. Our operating expense base has increased materially from Q3 to Q4 and will increase substantially again in the first quarter before stabilizing. I'll discuss those trends in a moment along with our forward outlook.

But including the increased Q4 OpEx, adjusted EBITDA in the quarter grew 33% year-over-year to $39.4 million, squarely inside the guidance range we provided last November. In terms of GAAP profitability, we reported net income from continuing operations of $251,000. Our GAAP results in Q4 were adversely affected by a few items primarily related to the QuoteWizard transaction.

We recorded $4.9 million of expense associated with deal fees. We also recorded a charge of $9.6 million related to increases in the carrying value of earn-out obligations. And amortization of intangibles increased to $9.8 million in the quarter. In normalizing for these and other expenses, adjusted net income in the quarter was $16.7 million or $1.22 per diluted share. Adjusted net income per share was up 45% over the prior year.

Now let's shift gears from Q4 to our updated guidance. For the full year, we're increasing our outlook to primarily reflect the ValuePenguin acquisition, which closed on January 10. For the year, revenue is now expected in the range of $1,010,000,000 to $1,045,000,000. VMM is expected to be $385 million to $400 million, and adjusted EBITDA is raised to $205 million to $215 million from the prior range of $195 million to $205 million.

Finally, let me provide some context for our newly introduced Q1 guidance. We anticipate revenue of $235 million to $245 million, up 30% to 35% from Q1 of '18. We anticipate VMM of $82 million to $86 million, which represents approximately 35% variable marketing margin at the midpoint. You will notice that, that margin profile is slightly lower than where it has been in the last few quarters, and that's largely attributable to the increased off-line brand investment we spoke to at length during our Investor Day. During Q1, we intend to spend at least $10 million on broadcast and radio brand advertising compared to the approximately $6 million spent in all of 2018.

The early indicators of performance on that spend are very positive, as Doug pointed out. But keep in mind, we expect to reap most of the benefit of that investment over an extended period of time as opposed to in-quarter. Similarly, we expect adjusted EBITDA to be in the range of $37 million to $40 million for Q1. In addition to the significantly increased brand spend, this guidance implies the increased operating expense that I mentioned earlier, resulting in a lower adjusted EBITDA margin than where we've been running. We're now bearing a full quarter of the QuoteWizard expense base, and we have several other expense items that tend to be seasonally higher in the first quarter. It's common for our expense base to step up materially from Q1 to Q4 and then stabilize.

While we've certainly added substantially to our team and portfolio businesses over the last few years, our hiring plans in 2019 are significantly more muted and growth in operating expense throughout the year will be dramatically slower. We are confident that our operating base will demonstrate considerable leverage as revenue scales throughout the remainder of the year.

Now before opening up to questions, I'd just like to echo Doug's view that we are thrilled with the strategic steps that we took in 2018 and the setup for our increasingly resilient business as we head into '19. We feel very good about our ability to hit the goals we laid out for our board and our shareholders just a few months ago.

With that, operator, we can turn to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Mark Mahaney with RBC Capital Markets.

Mark Stephen F. Mahaney - *RBC Capital Markets, LLC, Research Division - MD and Analyst*

Maybe 2 questions. J.D., you talked about the increase in guidance being largely due to the ValuePenguin acquisition. Maybe just quantify that a little bit more. Is that -- was it pretty much entirely due to that? And what else would have caused the increase in guidance? And then, Doug, you talked about kind of returning to sequential growth in mortgage. And I don't know if you want to put a fine print around that. Like, is that in the March quarter? Is that sometime in '19? Just any way to ring fence that would be appreciated.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Sure, Mark. It's J.D. I'll start. The increasing -- any time that we are up in guidance, it's reflective of the market environment that we're in. But if you look back at our history since we started doing our December Investor Days, we've been disciplined about wanting to have a full picture of the business, meaning we just gave a guide in December. To up that guide and have some material change from December to February, that's not our practice. So this guide is reflective of ValuePenguin primarily. And obviously, we have to assess the business, but it's predominantly ValuePenguin. And we're really encouraged by the early signs there, but that's predominantly it.

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

And on the mortgage question, we would expect to see sequential growth from Q4 to Q1, clearly, and expect and hope that to continue throughout the year. So yes, definitely in the March quarter. One thing I just want to highlight for everybody. Keep in mind that we -- and I talked about it in my remarks, but we always manage the business to VMM. So in a quarter like Q4, just like it was in Q3, you can't profitably spend on marketing, for example, or for refinance if most consumers aren't going to have a benefit. And so you pull back on your marketing, and that's why the VMM continued to rise. In Q1, because the brand spend is working and, obviously, some seasonal effects and a little bit better on the lender health side, plus we're continuing to make improvements to our experience, I think we're going to start seeing it right now.

Operator

And our next question comes from the line of John Campbell with Stephens.

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

I know it's too early, but can you guys maybe talk a little bit about just kind of the early revenue synergies you're seeing from QuoteWizard. And then any color around the QuoteWizard and My LendingTree relationship and how much integration you guys expect over the kind of near to medium term?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes, absolutely. I think there are 2 ways to look at it, John. First of all, there's the initial premise on which we did the QuoteWizard transaction, which is to say that, like the other companies that we've acquired, QuoteWizard should benefit by being part of the LendingTree platform. There are just clear traffic advantages, and we're tracking synergies there. We're already seeing early wins just in terms of CRM benefits. But the strategy that we've employed with our acquisitions is to diversify their marketing mix, right? And so we got the unique opportunity with ValuePenguin to do that early in the curve of QuoteWizard being part of LendingTree. And so the initial signs in terms of QuoteWizard's clients, right, keep in mind, you've got 10 years of building out relationships with carriers and agents, the early signs in terms of their receptivity to the ValuePenguin content are really encouraging. So we feel very good about insurance. We feel great about the integration of QuoteWizard with LendingTree, and we feel particularly good about, essentially, the catalyst that ValuePenguin will give QuoteWizard in the marketplace with carriers and agents. So I just think the way to think about it is we were able to do this and achieve this diversification of marketing mix earlier for QuoteWizard than, for instance, we were able to organically with CompareCards.

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

And on the My LendingTree integration, I want to highlight that the biggest opportunity is actually in card. If you looked at, say, like Credit Karma, for example, they probably have over 75% of their monetization coming from credit cards, and on My LendingTree, it's in the single-digit percentages. But as we integrate that, as we get the payouts equal, et cetera, that's the big opportunity, and that's well underway. QuoteWizard, having insurance inside of My LendingTree will absolutely happen this year. The challenge in insurance, as everybody knows, you can't necessarily get bindable quotes. So the integration of it and making sure it's right for the consumer and they get approved is a little more complicated, but we absolutely expect to do it.

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

Okay. And then on mortgage, Doug, you mentioned the expectation for kind of the sequential acceleration in 1Q. I mean, obviously, you guys have seen about 2/3 of the quarter already. Rates backed up. I'm guessing you guys probably got a little bit of a lift there. Just curious about how much of the mortgage rebound kind of confidence has been, I guess, already seen versus what you guys expect to see through maybe a seasonally stronger March.

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

Do you want to start now at it?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes, sure. So John, I think on mortgage, we get a lot of questions here just because of the shift in the rate environment. And I think what I would remind everybody is it takes a little while for these things to play out, and it's usually a reflection of kind of the status of our lenders. So this is certainly a better macro environment. Our goal is to return to sequential growth throughout the year. But given the difficult comp that we have in Q1, obviously, that informed our guide that mortgage throughout the year could be, in aggregate, down 5% to 15%. Now we've obviously got this better rate environment. It is not -- we are not yet to the point of go-go refi environment, but we do have a rate environment where we're closer to a scenario where more Americans can benefit from a refinance. So that's an important fact. What we're really excited about is that this rate environment, coupled with reduced competition and capacity, is an external stimulus, as Doug said, to lender health. And you can see that if you look at gain on sale margins for lenders, that's a good sign. Now we spent the back half of last year kind of solving for a manageable cost per funded loan, and we think we got through that period. And now we just want to execute in mortgage the strategic steps that Doug is talking about, and we think we have a better backdrop to do that, but we're only 2 months into that backdrop. And so it would be premature to suddenly call it a totally different mortgage environment, but we're certainly encouraged.

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

And just to add on a couple of things, just to remind everybody about how this works. So particularly in mortgage, you're always playing off the supply and demand of lenders. And I don't -- I want to make sure every -- like in years past, when we said, hey, when the lenders bid up the value of LendingTree leads, when their volume gets tight, it's true. But remember, it's only up until the point that they can't make money, and that was the -- what we were experiencing, really, in Q3 and Q4. So then you pull back on your advertising spend. J.D. hit the word consumer benefit. So not only can lenders not make money in that environment, however, consumers also don't get a benefit from refinancing because rates aren't that much better. And so therefore, you've got a lot of leads going to lenders that aren't then able to close. And with the improvement in consumer benefit and with the improvement in overall lender health, you move that back to more of a normalized environment. But the great thing I'll say about our mortgage business is we've proven it now that it will grow VMD in any rate environment short of a 2007 event.

Operator

And our next question comes from the line of Jed Kelly with Oppenheimer.

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

You said cards were growing $600,000 monthly in January through My LendingTree versus $1 million last year. What's driving that? Is that economics? Or is that volume?

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

So it's getting the integration inside of My LendingTree and getting -- and also getting your payouts higher. So for example, if you think about -- and it also -- I'll give you a very simple example. If you could alert a customer about 5 different things to save the money but you sort of have to prioritize when we didn't have as many lenders on the credit card network and LendingTree was getting substantially lower payouts than CompareCards was, you were showing more consumers personal loans. Now that, that credit card network has gotten richer, now that we've made the technology better, that credit card monetization should go up and continue to go up. It is the -- it really should be the easiest and most natural product to sell to a consumer inside of My LendingTree. And because we were late in cards, we're late in moving it over. But it's a huge upside for that business.

J. D. Moriarty - *LendingTree, Inc. - CFO*

And Jed, it's J.D. Let me just step back on card for a second, which is when you look at the comparison from Q4 of '17 to Q4 of '18, you got to recognize that we were in a pretty different card environment in terms of balance transfer cards and payouts. And so our goal through 2018, which was a much more challenging environment for card, simply to control the things we control. So integration with My LendingTree was one of the big initiatives we talked about at the end of last year. We're finally starting to see some benefit there. But some of that is integration with the platform. Some of that's just winning over issuers. And so we are trying to expand our card network. We're trying to expand it in terms of the number of issuers that interact with us. And we made progress throughout the year in a pretty difficult environment for card. So that macro environment is still challenging, but we feel really good about the tracks that we laid throughout '18. And if we get back to a better card environment, My LendingTree will be part of it. You see us spending brand dollars to direct people to the CompareCards brand. We feel really good about the investments we've made in card despite the fact that the growth, Q4 to Q4, feels somewhat anemic. The reality is we feel good about card, and we think integrating with My LendingTree is one of the really good opportunities.

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

And just to add onto that a little bit. It just sort of hit me that card operates in some ways very similar to mortgage because what you have underlying there is a mix shift issue. So if -- for a balance transfer card, when lenders want to put those on the books, obviously, consumers have a lot of benefit. You move your money from this card to that card. You save money in your interest rate. It's a piece of cake. And therefore, lenders will pay us more because those have a higher conversion rate. When you've already got a travel card in your wallet and you come to a site and you look for another travel card, the conversion rates are going to be lower, and therefore, the payouts are lower. So there's an underlying mix difference that you just -- that we just need to make sure we all tease out, but the credit card business is doing very well.

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

And then, I guess, one of your larger digital mortgage partners just closed a pretty large funding round, and another one of your larger traditional mortgage partners just announced they're making progress with their digital mortgage initiatives. Are sort of some of the initiatives your partners are making -- can that accelerate the deployment of RULO?

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

Yes, and the answer is yes because the underlying shift as you -- among the many changes we're looking at making in the mortgage experience, and I don't want to just hinge it on any one particular thing because we've really expanded the mortgage initiative to be looking at CRM, to be looking at the selection or the different ways you select in different channels, for example, I won't bore you with all of that -- and now I just blanked on your question. What was that?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Digital mortgage.

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

Oh, digital mortgage, yes. So yes, anything that improves the conversion rates in a mortgage absolutely accrues to the benefit of LendingTree, whether it's in a selection-based model or not. But all of that helps. The real key is to get -- be able to get the data from the lenders, and that's what we're working on now so that we know, once the consumer's gone to you as a lender, what happened to it. Did they get approved? Did they change their mind? Like over that month and month and month period of time that it could be, we need to do much, much better with CRM. And anything digitizing it definitely helps. The other area that helps is, today, in traditional lead generation on the Internet in mortgage, you've got highly trained loan officers who are very good at selling you and calling you repeatedly. Some people love it. Some people don't. With -- in a more of an automated fashion with digital mortgage, you don't need those high labor costs. And I think that's what Better and others have shown. And even if you look at the loanDepots and the Quicken, they're building digital mortgage divisions inside of those businesses. So yes, it definitely helps.

Operator

And our next question comes from the line of Stephen Sheldon with William Blair.

Stephen Hardy Sheldon - *William Blair & Company L.L.C., Research Division - Analyst*

I guess just first, back on credit cards, you saw a little bit of year-over-year deceleration in the fourth quarter and talked about a normal seasonal uptick in January. So just curious what the trends looked like throughout the fourth quarter on kind of a year-over-year basis and into January and maybe your optimism about continuing to see revenue growth improve in that business throughout 2019, especially with better My LendingTree integration.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes. So Stephen, it's J.D. It's really about the mix in the network. And what we're seeing is it's not just our network. That's true of all of our competition in card. There's not -- in the various networks that are out there, there are not a lot of balance transfer priorities among card issuers right now, and so the payout environment is not what it was in 2017. So we don't yet see signs of that changing. So we're trying to focus on the things that we can control, like My LendingTree, like expanding our lender -- our primary issuer network. But we don't yet see a big shift back towards balance transfer cards at this point. We just have a teenie evidence of it.

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

And just -- the credit card business, as we all know, works very similar to a search engine. So as J.D. said, the more lenders you have, that depth of coverage so that every customer coming in can get multiple options from multiple issuers. And then it's also not just the number of lenders but also the number of cards that they have. That would be similar to like how many keywords that you're bidding on in Google. And then, obviously, the monetization, and that comes back to conversion rates. And we're making good progress across all of those, and then we can invest in the marketing. If you see us able to do TV advertising against the CompareCards brand, that's a very good, I think, underlying indication of the health of that business.

Stephen Hardy Sheldon - *William Blair & Company L.L.C., Research Division - Analyst*

Got it. That's helpful. And that kind of leads into the second question. You provided some really good detail on the brand marketing plan in December, but I think it also allowed you some flexibility on which products to highlight. So I think you talked about campaigns focused on CompareCards and QuoteWizard. And I guess now that we're a few months into the year, any commentary you can provide on where the brand marketing focus has been and which products have maybe been highlighted more or less relative to your initial plan.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Sure. The focus in January was largely card and personal loan. There's also an omnibus overall LendingTree campaign. There is not yet a QuoteWizard campaign. And as Doug pointed out, the initial signs of lift have been very encouraging in both card and PL in terms of driving revenue there. Now again, it's not all in-period. And what's also really interesting is we have certain businesses that are drafting also that. So our credit services business, for instance, has benefited very clearly from the spend on personal loans. And so that's the benefit of the platform. But one month -- most of that spend was in January. We're being a lot more -- much more deliberate throughout the year as to which months we know consumers will be more responsive and where the payouts determine -- or where the payouts justify the spend. But the evidence in January was really encouraging.

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

And the only other thing I would add is last year, we really got tight through a lot of off-line testing on our metrics on where we thought the numbers needed to be, so we could start this campaign this year. But it's always a white-knuckle ride when you actually buy the media. And the good news is that it's working, at least, according to plan and actually a little bit better. So that's very, very encouraging when we can be doing profitable off-line spending because we can scale into that.

Operator

And our next question comes from the line of Hamed Khorsand with BWS Financial.

Hamed Khorsand - *BWS Financial Inc. - Principal & Research Analyst*

Could you guys talk about this ad reselling that you took out from the VMD line? And I thought this was going to be a onetime event. It seemed like you guys accelerated in Q4. And also, could you comment on why you're leaving that in adjusted EBITDA? I mean, I can understand that's in EBITDA, but why adjusted since it's supposed to be a onetime event?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Well, no, we don't look at it as a onetime event. Strategically, we know that having that -- those placements is helpful to us strategically. It has helped our card business over time and a number of our businesses. And so first place is obviously to have it facilitate a LendingTree business, okay? But we also want you to recognize what it is. It's ad selling. It was never intended to be onetime, and we did not drive it intentionally in the fourth quarter. We strategically have that capacity to drive our own businesses from a marketing perspective. And periodically, Hamed, we -- it is going to make more sense to sell it to another advertiser than it's going to make sense to support a LendingTree business. And so when you see it show up in that line item, that's what it is.

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

And even -- and we're calling this out. I think for every Internet company, this is a fairly typical thing. You buy media. You run your own ads. If your ads aren't profitable at any day, week, month, you basically fill it in because you don't want to just lose the money with the third parties. It's a very easy, noncomplicated thing. And it's not a strategic part of our business nor is it high-margin. It basically makes an ad buy profitable because you can monetize more the eyeballs.

Hamed Khorsand - *BWS Financial Inc. - Principal & Research Analyst*

Okay. And then, well, I mean, last quarter, you were saying that this was going to be a onetime event. Now it's becoming regular. So that's why I'm asking the question.

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

No, I don't believe we -- if I said onetime, I would -- I don't -- then J.D. just corrected that record. I don't believe we ever said it was onetime. It's just it is what it is. It'll always be there and be small and be very small margin.

J. D. Moriarty - *LendingTree, Inc. - CFO*

And strategically having those placements, Hamed, is helpful to us. But as Doug points out, flexibility in the model is key. And just as we want to align our marketing spend with the revenue opportunity, this enables us to do that and maximize it.

Hamed Khorsand - *BWS Financial Inc. - Principal & Research Analyst*

Okay. And then could you just talk about the ad spend, how you're going about it in Q1? Do you think that the ad spend in Q1 translates into accelerated EBITDA margin growth throughout the rest of the year?

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

I will leave the numbers to J.D. in terms of the margin percentages, et cetera. And as you know, we always like to focus on dollars, not percentages. But we can see, based on all the modeling we did last year, it's called attribution modeling, where given a certain amount of off-line media, that over a period of time, you get an initial burst, but it -- and then it continues for a certain period of time until it wears out in the market. And how you buy that media and where you put it based on all of that, we can see, over a period of months, that media paying off. It pays off not only in people typing in LendingTree into their browser window, but as we, I think, talked about in the last call, many people like to go to Google or another search engine and type in LendingTree, and then you see your traffic grow through their -- you just need to make sure you know where you spent the money and what its return was.

Operator

And our next question comes from the line of Nat Schindler with Bank of America Merrill Lynch.

Nathaniel Holmes Schindler - *BofA Merrill Lynch, Research Division - Director*

This might be similar to one of the earlier questions. But I wanted to go into a little bit about how QuoteWizard integration is going to work for you guys. Do you believe that this business, although significant -- is similar but also more different than earlier acquisitions have been from your business, will have the similar type of organic acceleration within your platform when you add the traffic to it? And what have you seen so far? I know that there hasn't been much integration in 2 months in Q4. But in the 4 months since you've owned it, have you seen much ability to funnel your traffic through the site and really change the trajectory of the QuoteWizard business?

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

So let me just do the long-term answer first, and then J.D. can fill in with any numbers he can. The answer is absolutely yes. We just have to get it right. So simple terms, if somebody is looking for a -- purchasing a house, they obviously are going to need homeowners insurance. Obviously, My LendingTree integration will be there as well. The thing that I'm hopeful about in insurance -- and insurance suffers the same challenge in credit card in that the carriers don't give you fully bindable quotes at the point of sale. So you end up clicking to one insurance carrier. The good news is the QuoteWizard clients are among the biggest and most major insurers in the United States and will -- and as we get bigger and bigger with them, we will be able to work on improved borrower or consumer experiences over time. What you really want to be able to do is be going out and checking with the insurance company if we can save you money on insurance and then only bringing you that offer when we can. That's going to be a few years down the road. And the reason for that is the insurance companies living through the U.K. model. Anything to add, J.D.?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes. I would just say that I think the big thing that we learned in insurance over this period of time, and I think this will be learned through interacting with the QuoteWizard team during diligence, the carriers are very sophisticated with regard to quality of traffic. And we talked about right pricing as well. And what we're seeing is, so far, we're benefiting not just in terms of them seeing the power of kind of the QuoteWizard-LendingTree platform and, as Doug points out, the funnel benefits of homeowners, for instance, but we're also -- the carriers are -- we're benefiting in the first period not just in terms of price but also in terms of volume with the number of the carriers and the agents. And one of the things that we talked about was the importance of QuoteWizard being a comprehensive platform, not a niche insurance business, right? They have scale in calls, in clicks, in leads. They can provide all different marketing products to the carriers, and we're really seeing the benefit there. So we're pretty confident in the short period of time that QuoteWizard was taking share in the second half of last year. It's probably taking share at a more rapid pace now as part of LendingTree. And then we've given them this great assist with ValuePenguin, which would have been at the top of their list in terms acquisitions if they were left stand-alone. Obviously, being part of LendingTree enables them to do that a whole lot easier than as a stand-alone entity.

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

And one specific example is what I alluded to what we're doing with SEO. So our -- the SEO team has been able to now start to ramp up in insurance as well and develop a real expertise in that. So the more brands we have, the -- and that process that these guys have is incredible, and we're really able to scale that. And that just adds more traffic to the QuoteWizard platform. It's another reason that we're thrilled that we had to increase our reserves for earn-outs because all of that is just showing that the business is doing better than we expected.

J. D. Moriarty - *LendingTree, Inc. - CFO*

And Nat, as you mentioned -- sorry? No, no, sorry. I was just going to say I think through the course of the year, we will endeavor to kind of give you more of a sense for the draft traffic across businesses. So QuoteWizard is clearly going to benefit our auto lending business, which has been a hard business to scale. And similarly, our mortgage business should benefit QuoteWizard on the home side. And one of the things we're going to endeavor to do is kind of give you more information as to which businesses are benefiting from one another. But we're not quite there yet just a few months in.

Nathaniel Holmes Schindler - *BofA Merrill Lynch, Research Division - Director*

Okay. And you mentioned someone buying home insurance after buying the home, obviously, great connect. But most of the insurance that I've seen online has been focused on auto. Can you just do the basic breakdown of QuoteWizard's business auto versus home and life or other products? And on your personal loan business, is that significantly related to auto? I didn't really know.

J. D. Moriarty - *LendingTree, Inc. - CFO*

No. So yes, so this is what we referenced at -- at Investor Day, we referenced 79% of the business was auto. That's similar to the industry. But home and MedSup are growing -- home and health are effectively growing very quickly. And there is real interest on the part of the carriers in home, which is unique. Just a few years ago, that interest was not nearly significant. It was mostly in auto-related business. So we see a real opportunity in home. Now as it relates to our personal loan business, no, that's not necessarily driven by auto. No, we're simply saying that somebody who's looking for auto insurance, clearly, our auto lending business would benefit from that traffic and that awareness of those consumers. Our auto lending business has always been challenging to scale because you tend to get disintermediated at the dealer. But clearly, we're going to have a traffic advantage with the QuoteWizard presence in auto insurance, just awareness of which consumers should be in market for an auto loan.

Operator

And our next question comes from the line of Rob Wildhack with Autonomous.

Robert Henry Wildhack - *Autonomous Research LLP - Analyst of Payments and Financial Technology*

I wanted to ask you another one about the ValuePenguin deal. You mentioned that it would have been high on QuoteWizard's list independent of the acquisition. Is the SEO capability there something that you thought you needed or more of a good opportunity that just presented itself?

J. D. Moriarty - *LendingTree, Inc. - CFO*

We have -- obviously, with Magnify and Deposit, adding to SEO and diversifying our marketing mix has been a strategic priority for several years now. Insurance is a big category. ValuePenguin is an extraordinary business and high-quality content. It would have taken us years to build that out. And so it did present itself. Do I think we would -- I don't think we would have added it independent of QuoteWizard. As I said, big category. We want an end-to-end business, and the combination enables us to make ValuePenguin even better. ValuePenguin is a high-margin business to begin with. So independent of QuoteWizard, do I think we would have done ValuePenguin? Probably not. We prioritize businesses that we know we can make better. And having QuoteWizard in the fold, having the monetization of QuoteWizard enabled us to execute ValuePenguin and see an upside scenario that was pretty hard to deny.

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

And I would only just accentuate 2 things. One, J.D. hit on the SEO aspect. In an SEO business, you either have to grow it very, very slowly over like almost a decade or you have to buy your way into it because it takes a long time to earn your reputation inside of Google. And so that's -- so we were able to buy our way into that. Then the second thing that J.D. hit on, because we knew we had the QuoteWizard monetization, we could already value in the synergy of just moving from their other outlet to something inside of our own platform, and so we could see the numbers before we even got them.

Robert Henry Wildhack - *Autonomous Research LLP - Analyst of Payments and Financial Technology*

Got it, got it. And then on My LendingTree, competitively, there's obviously Credit Karma, but it also seems like a bunch of other consumer finance business is trying to build captive platforms or ecosystems. So what does that look like competitively? And what's the propensity for consumers to sign up and be active on more than one of these platforms?

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

The second question is one that we're actually looking at now. We think it'll -- there could actually be a lot of switching, and you could have -- and you could be on multiple. But I want to get more data there before we tell you that. However, one good thing about the My LendingTree logged-in experience, we never went down this like free credit report only or led message, where it's just like, hey, free credit report. We really have been talking to consumers about we're going to alert you to save your money and improve your credit across all of the products, all of the financial products in your life. And it's working very well. In addition to that, we're also working on a number of features right now, which I can't let out of the bag but that would differentiate us even more than our other competitors. The key on that is to obviously make sure the consumer experience is great but, obviously, also that our monetization is there so that we can go and market it. And we've -- based on the data that we're seeing, where we're seeing consumers coming back 5, 6, 7, 8 times over a year and improving their credit score and saving like significant amounts of money, like it's -- it's a product that just works incredibly well. And I think because we started off in the alert space because we were tied into all those lenders, I think we've got an advantage, but it's definitely warfare. But by the way, keep in mind there, too, the LendingTree brand, we haven't talked about this in a number of years, but the LendingTree brand naturally polls better in advertising than other companies' brands. And so as we get the marketing message right in off-line, it's balanced up with online with great content that the consumer is seeing, we start to surround them with all of those.

J. D. Moriarty - *LendingTree, Inc. - CFO*

It's a good -- listen, it's a good question on My LendingTree. And as Doug said, like we're not -- when we think about growing that membership base in an environment where that free credit score is a commodity, we want to offer the consumer something different, but we're being judicious about how we're going about expanding our base. So last year, we talked about our partnership with H&R Block. And we -- and Doug referenced the fact that we've got a number of other partnership-oriented deals in the works, and those get announced every now and again. Sometimes, we have partners who don't want them as broadly announced. But that is how we're going about growing our base of My LendingTree consumers in a very cost-conscious way. And we think we can grow it through these partnerships and add real value for the consumer. But we're very conscious of the fact that the free credit score itself, if that's all you're offering, that you're not offering the consumer very much and you shouldn't pay to get those consumers.

Operator

And our next question comes from the line of Kunal Madhukar with Deutsche Bank.

Kunal Madhukar - *Deutsche Bank AG, Research Division - Research Associate*

A couple, if I may. One, with regard to the revenue growth in 4Q, how much was that on a pro forma basis? And as you look to the 2019 outlook, based on the guide, what is the pro forma growth that you're projecting?

J. D. Moriarty - *LendingTree, Inc. - CFO*

I'm sorry. Specifically, you're referring to total revenue growth pro forma. You mean ex insurance?

Kunal Madhukar - *Deutsche Bank AG, Research Division - Research Associate*

Ex all the acquisitions. So that's a number that you typically give out in the Q-over-Q. But what...

J. D. Moriarty - *LendingTree, Inc. - CFO*

Sure. So in Q4 specifically, I'll get that number for you. One second. I mean...

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

And while they're looking for this, the challenge on this, keep in mind, for example, in the card space, and we talked about this a number of quarters ago, so it's tough to sort of strip out an acquisition particularly once it's signed. So for example, when we bought CompareCards, at that time, we had a LendingTree credit card business, and we still do. But increasingly, the traffic is going over to the CompareCards network because of higher payouts, deeper coverage, and we're merging those 2 networks. So you're intentionally taking down your revenue on the LendingTree side and putting it over into the CompareCards side. So you just have to be careful with the numbers.

Kunal Madhukar - *Deutsche Bank AG, Research Division - Research Associate*

Okay, then. And the other one was -- and I went back and I looked at the 3Q transcript. And you've definitely been -- and you talked about advertising sales to third parties. You have not said onetime. You said periodic. So in the 2019 outlook, is there any sales for advertising to third parties included in the guide?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes, pretty modest, though, yes. But yes, it would be -- it's in other, but it's pretty modest. That's not the strategy, the third-party sales.

Operator

Our next question comes from the line of Eric Wasserstrom with UBS.

Eric Edmund Wasserstrom - *UBS Investment Bank, Research Division - MD & Consumer Finance Analyst*

Doug, going back maybe 3 or 4 years, I think it was maybe your '16 Investor Day, you laid out a fairly clear game plan about the verticals in which you were interested in expanding, both organically, inorganically. And so fast forward, the QuoteWizard seemed to fill in the last one of those that was sort of significant outstanding, which was insurance, of course. And so, I guess, I was surprised to see the ValuePenguin acquisition come subsequently. So can you maybe update us a bit on what you view as the strategic priorities around where there might be gaps in either technology or in product or something and help us understand the priority of organic versus inorganic growth in those areas?

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

So you probably won't like my entire answer. But I would like to think that's not necessarily an either/or. I remember going all the way back to when we first brought J.D. in on corporate development, and a lot of people on our team said, well, why do we need somebody who's so senior in corporate development? We don't even have any money. And so we can go get money if we need to. So we definitely go through a very rigorous prioritization process, and we look at everything. And it's really prioritizing in terms -- I mean, you have to look at what are the likely returns, obviously, what are the strategic synergies. But what we like to do, I think, generally, are these more bolt-on-ish like things. Other areas -- so one, for example, we just did, which -- or not just, but it's deposits. And we're starting to get really good growth from deposits, and you could see yourself scaling into that. I mean, we've got a very, very, very small deposit business compared to our competitors, and so there's a ton of room to grow there. And I think you could always look at something in the -- I would love to build something around auto. That's a much better consumer experience. I think there are other things out there, whether you do that through acquisition or building. And by the way, we look both at building internally, and we do a lot of building internally, and it's really just which one has the highest return. And that's the way we look at it all but, obviously, through a strategic lens as well. But ValuePenguin, for example, was sort of a no-brainer because it brought in more great content, another brand that we can leverage, and we knew that the monetization was going to be there because of QuoteWizard.

J. D. Moriarty - *LendingTree, Inc. - CFO*

And Eric, the only thing I would add to that is the question we get often is like what -- maybe it's part of your question, what category have we not yet filled in? And one that we've identified -- there are probably 2 that we identified. But one is on the asset side. And I think our Deposit acquisition highlights that, right? So we've seen that it's pretty valuable to get on the asset side of the consumer's balance sheet with Deposit, and we think we can do that in investment products. And there are a number of promising companies in that space. And so that's a strategic area of interest for us. There's also a lot of interesting things going on in the real estate vertical, and so we're taking a look at that as well. Now another part of your question was product in tech, right? When you look at the acquisitions we've made, they've all been people who are in kind of the same business we're in, albeit, in some cases, more SEO-oriented. Our SEO strategic initiative was because we knew that we were under-indexed there from a marketing perspective. And the combination of Magnify, Deposit and now ValuePenguin, we feel like we've built and will continue to build organically an SEO business. But I would not anticipate more SEO-oriented acquisitions, okay? We feel like we've achieved that strategic objective. We do get the question on product in tech. And I think that it's possible that our corporate development initiatives could shift more in that direction going forward because, absent the 2 areas that I highlighted, meaning investments and real estate, there are not other areas within financial services that we need to fill out. Insurance was a clear need given the size of the end market.

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

And just to add on the tech side, in mortgage, for example, you could -- you think about all the technology that lenders need to run a successful online operation, whether it's a CRM system specifically tied for mortgage, whether it's pricing engines, automatic applications, et cetera, et cetera, et cetera. So some of that technology where you could bring it in, standardize it and work with getting it out to your lenders, that's something that we've always thought about. And then the question there is lots of lenders are doing this already, so maybe you don't need to move into a space which our return might get commoditized. But that's an area we would be looking as well.

Eric Edmund Wasserstrom - *UBS Investment Bank, Research Division - MD & Consumer Finance Analyst*

Great. And then if I could just follow up. I mean, I guess what I'm ultimately trying to discern is, on the one hand, the recent drivers of guidance upside have come largely from acquisition integration. And at the same time, it looks like within the core business, there's an increase in marketing and acquisition costs. And so I guess what I'm trying to understand is, has there been some change here wherein organic growth is just becoming more challenging and, therefore, more expensive to accomplish? And is that some indication of kind of the go-forward economics of LendingTree's business?

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

Yes, let me answer it in general, and then J.D. can finish in specifics. We have been -- so last year, throughout the year, we were really, again, optimizing the business for VMM, but a lot of that meant you can't invest in marketing. So the fact that we are now able to spend in marketing, I think, as I said before, is a very, very good indication, and plus then you put My LendingTree on the back of it, which is adding more recurring revenue stream. So I actually think the health of the business looks better going forward. The not -- in areas that we bought in -- we've had to buy in, in verticals basically where we didn't have a presence. And it's a lot -- these guys have been at it for 10-plus years, and we could see a lot of synergies. So it was really buying into the categories that we weren't in.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes. I guess I would just -- Eric, I'd say you've got some noise in terms of individual products, right? You've got a mortgage business that went through a rising rate environment, and you've got a card business that was growing like crazy with balance transfer cards through 2016 and '17 and had a different environment for '18. But if you look at our core business, I guess I'd point back to -- at the end of the day, from a margin perspective, you've got 2 things going on in our implied guide in Q1. One is more spend, which is affecting VMM. We've talked about VMM being in the range of low 30s to high 30s, and our guide reflects mid-30s. So that's on the VMM side. So if we're able to spend on off-line and brand and go through in the quarter the rebasing of our OpEx, which, again, that should stabilize, that's -- that OpEx lift, by the way, is very similar to previous Q4 to Q1 periods. So I don't think it's something endemic to our business. I think you're just seeing 2 particular businesses in mortgage and card that are going -- that have gone through more challenging environments, and it creates a little bit of noise there. At the end of the day, when we look at how we're going to manage the business, we're going to manage it for going after VMD, right, and the opportunities there. And I guess I would just point you to what our market share opportunity is in each of those products. We're still in the early days in penetrating card. We're still in the early days in virtually all of our products in terms of the market share we can garner.

Operator

And our next question comes from the line of Youssef Squali with SunTrust.

Youssef Houssaini Squali - *SunTrust Robinson Humphrey, Inc., Research Division - MD & Senior Analyst*

Two areas where you guys had made some smaller acquisitions you did not highlight as potential areas of growth were the credit repair and student loans. Just would love to get an update there. And since those businesses are still subscale, what's the strategy there? And then J.D., just to clarify something you said earlier about the mortgage growth in '19. I think you talked about negative 5% to 15%. Is that post the slight improvement in the rate environment? Or are you seeing that was the initial thinking coming out of Analyst Day, and that thinking has improved since then?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes, sure. So let me take the second question first. We gave a guide for the full year at our Investor Day. We've not changed that guide for the given product. We're just changing our -- we're obviously updating our guide for ValuePenguin. We're not changing that guide specifically for mortgage. That guide was reflective of the fact that the year-over-year comparison includes a very good Q1 of '17, so a very difficult comp. And that was the discussion we had at the Investor Day. So no, there's no change to that thought process. Obviously, we've got a better macro environment in which to execute versus that guide, okay? The first part of your question was student -- oh, yes, so student and credit loan and credit services. Both businesses, we're really excited about. And we just -- listen, every quarter we try to give you a sense. We have -- Doug referenced earlier we've got 5 businesses, each of which could prospectively be 20%. The fifth business is other, and other is not a very great -- a very good name for people internally. So we can call it the awesome other. But the awesome other is getting to be pretty big, and the awesome other -- in Q4, the standout businesses that we highlighted were deposits and -- sorry, we highlighted deposits and we highlighted, yes, small business. And as a reminder, small business, we acquired in September of 2017, and we're thrilled with the progress there. Now it took a little longer to achieve, but in the second half of last year and particularly in the fourth quarter, we saw great traction there. So we have deposits related to that. Student, we're very excited about. That obviously was a July acquisition for us with Student Loan Hero. And credit services was a little bit earlier in 2018, and we're seeing great traction there, which I mentioned, it's drafting a bit off of our personal loan brand spend. And we're seeing great integration there with Ovation and our broader credit services business. So we look forward to talking about those businesses throughout the year, but those are certainly highlights within. They're just not big enough to call out the scale.

Operator

And our last question comes from the line of James Friedman with SIG.

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

It's Jamie of Susquehanna. I'll just ask you a couple of modeling questions, J.D., and then I've got one for you, Doug. I'll just do them upfront if I could. So I just want to make sure I heard you right, J.D. With regard to the expense structure, you've gone kind of quick there, the seasonality in expense structure, and I really apologize if I get this wrong. We should expect it to grow from Q1 to Q4. That's my first one. And then the second one is historically, you trained us that you get positive leverage as you go non-mortgage. Is that too simplistic now? Or should we keep that assumption? And then the last one, Doug, is in terms of -- in your prepared remarks, you called out the opportunity in card. Historically, I think you've said the personal line is the most attached to My LendingTree. So in terms of the opportunity in card relative to My LendingTree, is that because you're just under-penetrated? Or is personal line still like the best attach rate relative to My LendingTree? I know it's a lot.

J. D. Moriarty - *LendingTree, Inc. - CFO*

Jamie, hey, it's -- let me clarify that. It's an important clarification. I guess I did misspeak. I apologize. So our OpEx in Q1 that we've modeled out will grow throughout the year but very modestly compared to previous years. So to give you some sense, in 2018, now this is the combination of regular hiring and acquisitions, we went from $31.3 million in the first quarter of '18 to $39 million in the fourth quarter. So a 25% lift from Q1 to Q4. We're talking about a very modest lift relative to that, like less than half in terms of the growth in OpEx throughout the year. So we -- obviously, could we make acquisitions which would influence that? Yes. Could they change? Sure. But our plan right now is for very muted lift in OpEx throughout the year. And so as we scale revenue, obviously, our EBITDA will benefit from that, and there should be real leverage. I mean, we -- so if I misspoke on that, I just want to give you a sense. There is always this lift from Q4 to Q1, and that's what we're experiencing. It's very similar to what we've experienced in previous years.

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

Got it. And then with regard to the positive leverage from non-mortgage?

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

You were pulling numbers while he was going. Could you repeat that one, Jamie?

J. D. Moriarty - *LendingTree, Inc. - CFO*

Yes.

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

I just want -- maybe I got this wrong. I thought the rule of thumb was the better you do in non-mortgage, the higher the margins go because the mortgage has the lower...

J. D. Moriarty - *LendingTree, Inc. - CFO*

Oh, yes, yes, yes. Sorry. Yes, generally speaking, that's been true. Keep in mind, our personal loans business has benefited disproportionately from My LendingTree. It's a very response-oriented business in general. As we integrate card with My LendingTree, we should see that same benefit in card, meaning that My LendingTree can help our card business from a margin perspective. So yes, I think in general, that is certainly helping our margin profile. The growth in these "other businesses" that we talked about has been exceptional. And then -- but keep in mind, strategically, we're going to spend money on off-line. We're going to spend money on brand as we are in Q1, and so you may not see all of that left.

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

And on the cards to personal loans inside of My LendingTree, let me just -- you really have to go a little bit into the guts of the product and what My LendingTree is. So My LendingTree has always been intended to say, set up an account, and we are going to tell you ways to save money. The corollary of that is that we're not just going to have you log into check your credit score and show you a bunch of credit card ads. Because in the credit card search business today, you can't have -- yet have a credit card issuer say, "Hey, Jamie's approved for this card, which is 5 points lower than his current one." It becomes more of an advertisement. So we've -- now personal loans, on the other hand, has a highly automated experience, so we can -- for example, Jamie, if you're signing up, we can go to our personal loan lenders in the background and say "Can we save Jamie money? And if so, send it to him." And so we really want to stay great on the customer experience and not just putting a lot of ads. You go to some of our competitor sites and apps, you might have an Amex card already, and they're like telling you, you should get another Amex card. And they're doing that to basically get you to activate and to spend money to boost monetization, and we just want to make sure the experience is much more tightly integrated. And so we did personal loans first and cards second.

Operator

And that closes our Q&A session for today's conference. I would like to turn the call back over to Chief Executive Officer, Doug Lebda, for any further remarks.

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

Thank you all, and thank you for the time today. Just a couple of comments to wrap up. Obviously, we're happy and very happy with our numbers, but I think more importantly, there's also a lot of other things going on. Number one is our team has really scaled. We have a new Chief Information Security Officer, Head of Human Resources, Head of Product, Head of Legal, and that has gone down inside the organization. We have a phenomenal team that is really scaling this thing up.

Second of all, I am thrilled that the business model continues to be proven. Mortgage can grow. VMD, despite changing in interest rates, there's -- obviously, each of these loan types is going to have their own puts and takes in changes in the market. But the good thing is that the more we're diversified, the more marketable events we have between brands and products, the more we can win. I mentioned diversification, and that, I think, is really important as well. We've diversified our products, but we've also diversified our clients. We have less revenue concentration, and our clients are now the largest financial institutions and the largest insurance companies in the United States. That's really showing the evolution of when our lender network used to be a lot of lenders that maybe a lot of people didn't even know.

Next thing is we've proven that off-line can work and that we can scale that. I talked about the white-knuckle ride on that, and we've done it and it's working. And then the last thing is I can see the bridge to the future. The logged-in experience in My LendingTree, we've got a grip on the numbers. We know the consumers love it, and now we're going to keep scaling it.

So as I think of last year and then this year, last year was the year that we tested, that we proved, that we reacted and laid down some tracks. And this year is the year we execute, scale and grow meaningful market share and wallet share, and we look forward to telling you about that throughout the year. We're thrilled with how we're starting off, and we'll talk to you in a couple months. Thank you.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program, and you may all disconnect. Everyone, have a great day.
