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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the First Quarter 2017 Bankrate, Inc. Earnings Conference Call. (Operator Instructions) I would now like to introduce you to your host for today's conference, Ms. Katie Yates. Ms. Yates, you may begin.

Kayleen Yates - *Bankrate, Inc. - Senior Director of Corporate Communications*

Thank you. Good afternoon, everyone, and thank you for joining us for Bankrate, Inc.'s First Quarter 2017 Earnings Call. Here with me in our corporate headquarters is the company's President and CEO, Ken Esterow; and our Senior Vice President and Chief Financial Officer, Steve Barnhart.

Let me briefly review the call's format. First, Steve will cover the quarter's financial results before turning the call over to Ken, who will update you on the business highlights and provide guidance for Q2 2017 and the full year 2017. Following their remarks, the lines will be open for Ken and Steve to take some questions.

A reconciliation of certain of the non-GAAP measures referenced in this call can be found in the back of the press release with the financial statements. We also posted a presentation with supplementary information and metrics on Bankrate's Investor Relations website at investor.bankrate.com.

We remind you that some of the statements made in this conference call, including those regarding the company's future prospects, future revenue and profitability and our ability to successfully implement strategic initiatives, constitute forward-looking statements. These forward-looking statements reflect our current views with respect to future events and financial performance but are not guarantees of future performance and are subject to numerous uncertainties and risks relating to the company's operations and business environment, which may cause the company's actual results in future periods to be materially different from those contemplated in such forward-looking statements. While we cannot anticipate all of these uncertainties and risks, we have identified some important factors currently known to us in the press release that preceded this discussion, and we encourage you to read our reports filed with the SEC, including the discussion under cautionary statement concerning forward-looking statements and risk factors in our annual report for 2016, as updated in our quarterly reports, which are or will be available on the SEC's website.

So with that, I'll turn the call over to Bankrate's Chief Financial Officer, Steve Barnhart.

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Thanks, Katie. I'll start with our consolidated financial results. In Q1, Bankrate earned revenue of $118.7 million, up 27% versus the prior year. We recorded a GAAP net loss of $5.2 million and adjusted EBITDA of $30.4 million, up 30% versus the prior year. The GAAP net loss of $5.2 million includes $12.8 million in expense due to a change in the value of contingent consideration associated with the acquisition of NextAdvisor, largely reflecting NextAdvisor's strong performance in the quarter.

Our Credit Card segment generated revenue of $85.5 million, up 35% year-over-year. Credit Card's adjusted EBITDA of $29 million was 12% higher than prior year. Credit Card's consumer inquiry revenue of $71.9 million was up 59% year-over-year. Consumer inquiries were up 37%, driven by our continued investment in credit cards marketing and a full quarter results for NextAdvisor. Revenue per consumer inquiry was up 16%. On a pro forma basis, including NextAdvisor in the prior year quarter, revenue per consumer inquiry would have been up 5% while consumer inquiry revenue and adjusted EBITDA would've been up 20% and down 3%, respectively.

Adjusted EBITDA in Q1 2017 reflects the impact of approximately $4 million in product, tech and nonmedia marketing related investments in our Credit Cards business. Credit Card's adjusted EBITDA margin was 34% for the quarter. Consistent with the trends we discussed on last quarter's call, lower adjusted EBITDA margins are a result of a higher mix of revenue generated through marketing and increased investment in product and technology to drive ongoing growth.

In the Banking segment, total revenue of $29.8 million was 18% higher than in the prior year quarter. Adjusted EBITDA for the Banking segment in Q1 was $8.9 million, up 70% from Q1 2016. This marks the second consecutive quarter of year-over-year growth in revenue and adjusted EBITDA.

Higher revenue was driven by several factors. First, a 16% increase in mortgage revenue for our value-based pricing allowed us to outpace a decrease in overall U.S. mortgage originations. Second, revenue from deposit products was up 35% compared to the prior year quarter, marking a return to growth for the first time in over 2 years. We saw a clear increase in consumer interest in deposit products following the Fed rate increases in mid-March.

Our Senior Care segment generated revenue of $5.8 million and an adjusted EBITDA loss of $1.2 million for the quarter. Revenue was down slightly from $6.2 million in the prior year quarter while adjusted EBITDA was down $700,000 versus the prior year quarter.

In our Corporate segment, expenses before costs associated with governmental investigations and related matters, and excluding depreciation, amortization and stock-based compensation were $6.4 million in the first quarter, $900,000 lower as compared to the year-ago quarter, and roughly flat sequentially.

As discussed on our last call, we made investments in 2016 to strengthen our internal control environment. With those initiatives largely complete, we feel we're on track to reduce corporate costs by several million dollars year-over-year in 2017.

Net cash provided by operating activities for Q1 was $18.2 million, and we ended the quarter with $183 million in cash and cash equivalents.

Before I turn the call over to Ken, I want to highlight 3 factors that investors should keep in mind as they think about quarterly growth in 2017. First is the acquisition of NextAdvisor, which closed on June 17, 2016. We are pleased with both NextAdvisor's Q1 performance and how they have leveraged their content marketing expertise to benefit CreditCards.com, where they drove $5 million in revenue from content marketing in Q1. With the integration of marketing efforts largely complete, it has become increasingly less meaningful to distinguish revenue and margin by site.

Second, we are continuing to invest behind the great opportunities in credit cards. This includes investments in people and tools for technology, product and data science as well as marketing dollars going into the new areas that we are developing, where profitability may be lower for a period of time. A number of these investments began during 2016, and our guidance reflects their annualization. These investments reduced adjusted EBITDA in the first half of 2017, but we expect them to contribute to growth in the back half of the year. Third, as we have discussed in the past, Q3 2016 benefited from a significant new card launch, which created a challenging compare for Q3 2017.

With that, I'll turn the call over to Ken to discuss progress on RATE's strategic initiatives.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

Great. Thanks, Steve. And building on Steve's comments, I'm really pleased with how our financial performance for the quarter and with how our team's continued execution is driving our results.

With respect to our flagship Credit Card segment, we continued our pivot to diversify beyond organic revenue. In the first quarter of 2017 CreditCards.com organic revenue was just 29% of total cards consumer inquiry revenue, and that was down from almost 50% last year with roughly $20 million of organic revenue in both periods. Expressed in another way, cards more than doubled the part of its own and operated revenue beyond CreditCards.com organic through ROI-positive marketing and by leveraging its industry-leading social media footprint. This revenue was generated at an average contribution margin of 35%, which was similar to the prior year quarter.

In terms of execution, the NextAdvisor team continues to do more of what it does best, and that's content marketing. It's optimizing across a number of dimensions with different creatives, rotating featured cards, accessing new publishers, and continuously updating their content. The CreditCards.com team is laser-focused on testing and implementing a number of site updates that are expected to improve their funnel conversion. And finally, in the quarter, The Points Guy launched a completely upgraded site, and the new site contributed to a 78% year-over-year growth in users in April.

Turning to issuer trends. As investors may recall for CreditCards.com specifically, issuers bid monthly in a competitive auction for position or slot in the key categories of our marketplace, such as for cash back or balance transfer cards. Our victory-style second prize auction supports a fair and market-driven process for issuers and consumers alike. The auction on CreditCards.com continued to yield slightly higher CPAs for a revenue-per-approved card in the first quarter 2017 versus the prior year quarter. That said, on CreditCards.com, we started to see a reduction in the rate at which consumer inquiries convert into approved cards in March versus January, February of 2017, and also versus March of 2016. Since we only get paid when a consumers is approved for a card, lower conversion impacts our revenue-per-consumer inquiry. This lower conversion rate, which continued in April, represents approximately $2 million in consumer inquiry revenue a month. Our experience over the last few years is that card introductions and card updates tend to be rolled out over the summer. With issuers' ongoing focus on expanding digital acquisition and continued consumer interest in new or updated cards, we expect the contraction in those conversion rates to moderate by Q3 2017.

So let's move to our Banking segment. I'm really proud of our execution and performance here. Over the past 1.5 years, the new banking leadership team took a business that was really challenged and fundamentally reconstructed it. This included rebuilding our rate table monetization from its legacy, one-size-fits-all static pricing to dynamic, value-based pricing. Banking also deployed a state-of-the-art programmatic ad capability that continues to ramp in revenue and in yield. And in the first quarter of 2017, we upgraded and redesigned the Bankrate.com site, and that's already driving increased user engagement and improving yield.

Next up for the Banking team is completing the transition in our mortgage business from cost-per-click to cost-per-lead, which even more closely aligns price to ROI. We're also enabling mortgage advertisers to bid for more consumer demand. And these fee[ph] enhances that are expected to help our Banking segment continue to outrun the well-publicized macro headwinds and the mortgages that Steve mentioned earlier.

Regarding deposits. With the most recent Fed rate hike in March, it was good to see renewed interest from consumers and advertisers alike. What's satisfying from our perspective in terms of execution is that we are ready to service this renewed demand with a pricing structure that aligns well with deposit advertiser ROI. Working collaboratively with our deposit advertisers to our value-based pricing framework, we were able to meet their specific targets in terms of cost per opened account or cost per dollar deposited.

With respect to our Senior Care business, it got off to a slow start in 2017, even as we continue to build our network of senior living communities. The most significant challenge was hiring enough family advisers to meet consumer demand. Since family interest ramped shortly after the new year, we were somewhat capacity-constrained. That said, we're now where we want to be in terms of family advisers, and we still expect carrying to be profitable for the year on an adjusted EBITDA basis.

So in summary, our business and financial performance in the first quarter of 2017 was solid through and through. It clearly demonstrates that the strategy I laid out last year is in fact working. Moreover, we remain excited about what's in our product and technology pipeline, including the redesigned CreditCards.com site coming up in the second half of 2017. This is going to keep RATE on its growth trajectory for the full year.

So with that, let's turn to our guidance. For the second quarter of 2017, we have revenue that's expected to be in the range of $115 million to $119 million, and adjusted EBITDA expected to be in the range of $24 million to $26 million. And for the full year ending December 31, 2017, our guidance remains unchanged, and that is revenue in the range of $500 million to $515 million, and adjusted EBITDA that's expected to be in the range of $122 million to $129 million. Our guidance does assume that current CreditCards.com consumer inquiry conversion rates continues through the second quarter, but return to the Q1 '17 levels for the second half of the year.

So with that update, I'd like to turn the call over to the operator for some of your questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from John Campbell with Stephens Inc.

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

Great job in the Banking business. I know that's been a long road back to you guys, but just curious about the sustainability of the rebound there. If we assume, obviously, if mortgage at the end market kind of lightens a little bit, and then if you guys are able to -- I'm just curious if you guys are able to keep that kind of high-margin display revenue up, that's came well ahead of us in the quarter. Just kind of thinking about some of those puts and takes, and then if you can give us kind of a high-level view about what's your expectations are as far as revenue growth there and margin.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

There's a lot in there, let me start choosing it out, and then let me turn part of the question over to Steve. In terms of the trajectory, yes, we're really proud of the work. And it's nice to see that the plans we've put together and that we execute actually delivered an outcome that reflects a lot of hard work and planning. In terms of the mortgage and deposit revenue, mortgage is -- we're confident that the work in improving our yields and monetization, giving advertiser better tools, whether it be bidding, whether it be moving to cost per lead, which better aligns our pricing to their ROI, we've got terrific feedback now from our mortgage advertisers across how our traffic is performing and calibrating our price with ebbs and flows of different types of traffic quality and different dimensions. On the deposit side, the Fed rate hike was helpful. There's a talk of another rate hike in the summer. What we saw at this time with -- the rate hike was deposit rates finally started to tick up a little bit and a little bit more demand on the advertiser side for retail deposits, which is helpful. Through April and the beginning of May, our trends are continuing strong, so we feel good about the growth in the quarter coming up. I'm not going to guide specifically for the segment, either for Q2 or the full year, we don't guide at the segment level. But maybe Steve can talk more high level in terms of the longer-term growth trajectory of the Banking business.

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Yes. Well, I think as Ken said, it really comes down to the mortgage environment and deposits and the sustainability of those. I would say there's nothing -- I don't think there's anything unusual in the margin front in Q1. So in terms of those margins sustaining, with that mix of business, again, I don't see any reason to think that wouldn't continue with that mix. On the display front, we're not looking for any big change in that as a portion of the mix as we look to the next few quarters.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

I think we're confident that we, for the most part, stands as the client display with our shift to programmatic, and moving to more high-value integrated sponsorships like we did a few quarters ago with a VA-focused mortgage company, which is now part of the Bankrate.com experience. So we think the worse is behind us with display, but investors shouldn't look for a lot of growth in that line item.

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

Okay. And then on the free cash flow, you guys continued to generate a pretty healthy amount of that. I mean, if I think about uses of capital, I mean, clearly, I guess from the buyback front, you guys have to be mindful of the ownership rate of Apax. And then it looks like you might have some debt coming due pretty soon. But just curious about as this gives your cash balance builds, kind of what you're looking to do over the next year or 2?

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Well, John, I think our uses of cash really haven't changed. We think we've got good investment opportunities in the business, but obviously, the cash, it's not an intense use of CapEx. We continue to see interesting acquisition opportunities that could be tuck-ins to our existing 3 businesses, so we'll continue to evaluate those. And then, obviously, we have done a few repurchases over the last few years. But I don't -- I think it would be unlikely to see any big moves on that until we complete the refinancing of the debt, which you mentioned is -- it's not due until August of '18, but obviously, that's on our radar screen.

Operator

Our next question comes from Jed Kelly with Oppenheimer.

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

So cards is growing nicely despite what's somewhat perceive as increasing competition. Can you talk about how much of the growth is being driven more by issuers leading more on the distribution channels versus improving paid market efficacy? And then, can you also touch on where you're driving your most efficiency in-performance advertising? And do you still feel that you're still under indexed to some pay channels?

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

So in terms of the first question, issuers continue to lean into digital. I listened to a number of the issuer and money center bank calls the other week, and they're all identifying opportunities in digital, whether it's through their own brand direct or using aggregator sites, like the ones we operate. And that trend has been healthy, long-lived and we would expect it to continue. Relative to sort of the margin profile of the businesses, you'll see a range of marketing expenditures, for example, on social where we're attracting a someone who are going to work with her over a long period of time by providing them updates. Their ROI day 1 may be much lower than -- somewhere we're getting through SEM add for high intent user, which -- that will be lower than margin that we're getting through some of our market content efforts. Balance that we tried to highlight is the nonorganic revenue coming beyond CreditCards.com is coming in about 35%, and that's roughly unchanged between the same time last year. There's a lot of mix going back and forth in that. And when we find a window that has higher margins, we'll lean in, and when things get a little more competitive, a particular marketing channel, we'll be mindful of our commitments to be ROI positive. And we're not just going to drive top line revenue at the expense of contribution margin to make bad uneconomic decisions or bad decisions just to drive top line revenue growth.

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

And John, I think the last piece of your question was efficiency of our channel, or the aggregator channel versus others. And I just -- yes, I think there's 2 key things there. One is it's probably the most reliable, like people only pay when they get a new card issued, so there's no surprises. And with our monthly auction, essentially, the value of what we deliver is market price, so it should be competitive with what -- with the value that it's delivering to the issuers.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

And last point that out, and we've shared some of this macro data in some of the conferences I've done in the past couple of quarters, you've got a top-of-the-funnel $71 million credit cards that were issued, general-purpose credit cards that were issued in '16. That includes Visa, MasterCard, Discover and Amex, excluding retail store cards. Our estimate is the market is only about 8% to 10% penetrated in terms of online aggregators and third-party sites like ours. So we think there's a lot of room in the category. We've got some really good competitors in the space, they do a nice job in presenting their offers to the consumers, and we'll compete aggressively. But the overall channel is growing really nicely as well.

Operator

Our next question comes from Allen Klee with Sidoti.

Allen Klee - *Sidoti & Company, LLC - Research Analyst*

Two, credit card and guidance. So your guidance is implying that business ramps up in the second half. You've mentioned that the Credit Card space is seeing a slower conversion. Can you kind of dig into that a little about why you think that's temporary and that'll turn around? And then you also mentioned that there's some investment spending in the first half that's going to go away, and maybe if you could give us some more detail on that.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

So I'll again take the first part of that question. In terms of some of the trends we've seen in conversion, which emerged in March and which is what we're flagging in and continues in April. So in our business, our consumer inquiries -- when a consumer has come to one of our properties, and the data we reference was specific to CreditCards.com, we're not seeing a similar trend in our other platforms like The Points Guy or NextAdvisor. But specific to our marketplace, CreditCards.com, we're seeing -- as consumers go from CreditCards.com into the issuers' funnel and go down to the funnel, and then submit their application for approval, some fall off in that funnel conversion. And there's sort of a mix of the number of people who start the form and end up submitting the application, and other people who submit the application, and the people who are approved. And with what has been a pretty noneventful couple of quarters of card launches and card products, our view is, and we've seen in the past, as new and interesting cards come to market, consumers get more engaged. Those who start are more likely to finish an application. And issuers who are watching these new cards are trying to bring people into that fold, and have an appetite for new customers which will open the aperture in terms of approval rates. We continue to monitor the macro market really closely. You have higher net interest income coming through on those cards that carry balances, with the higher-rate environment offset a small bit by slightly higher write-offs, which the issuers are confident to remain in check. So we think this is a short-lived shift. We wanted to highlight it. It has some impact in terms of the second quarter revenue trajectory, but we feel really good about the back half of the year.

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Yes. And Allen, in terms of my comments on the investment spending. So we made additional investments in people and tools and capabilities, putting those in place, starting in the back half of last year. So in Q1 and Q2 of this year, on a -- comparison back to Q1 and Q2 of last year, we have that increased spending. As we get into Q3 and Q4, the spending is not going to go away, but it will be -- it's already in the base. So on a year-over-year comparison basis, there won't be any downward pressure from that, and we do -- those are investments that are helping us drive the top line. So both from a top line and an expense comparison, we'll be -- we'll have more favorable comparisons in the back half of the year.

Allen Klee - *Sidoti & Company, LLC - Research Analyst*

Okay. But you also, I think, pointed out that you thought that corporate costs could decline by several million in '17. Is that something that's more second half based, or is that kind of spread out through the year?

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Yes, I said a couple million. And we also noted that we stepped down $900,000 in the first quarter versus prior year. So we've got a good bit of that couple million in Q1. So I would say that benefit year-over-year is more skewed towards the first half.

Operator

(Operator Instructions) Our next question comes from Blake Harper with Loop Capital.

Blake Thomas Harper - *Loop Capital Markets LLC, Research Division - Analyst*

I apologize if you went over these, but I just -- jumped on the call late. But I wanted to ask about the mortgage business, specifically, I know it's a smaller part of the Banking business, but just given where the interest rates are, I know you track them pretty closely and publish on them as well. But I just wanted to see where you saw, as far as demand, if things have changed from the lenders given interest rate in the mortgage.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

Yes. So we gave in the release as well as in the script highlight a 16% growth in mortgage revenue. Yes, we see nice advertiser demand that's coming through our value-based pricing framework. We're making a number of improvements to continue that trajectory in light of what we think -- we'll still be somewhat soft next couple of quarters of overall mortgage demand from what we're hearing from MBA and other industry sources. We're moving from our cost-per-click pricing to cost-per-lead to better align pricing with value. We're letting mortgage advertisers bid for more demand. And so we think -- a number of those changes as well as the improved experience delivered on the updated Bankrate.com site that launched about a month ago. All those will -- are anticipated to have us outrun any headwinds in the mortgage side, and we expect mortgages to continue to be up based on what we're seeing today. And just specifically, in the last 2 or 3 weeks, rates came down a little bit, so that was helpful on the refi front. Our purchase funnel is doing really nicely, and I think our performance is consistent with what some of the other folks in the industry have posted. A shift from offline to online, it's something all of us -- we're providing value for money, and the advertisers are working with us more closely than ever, so we feel really good about mortgages.

Blake Thomas Harper - *Loop Capital Markets LLC, Research Division - Analyst*

Great. And then one follow-up if I could. Did you talk about myBankrate at all, either on the product update, number of users now or any contribution that that's had to the revenue or to any of your segments at all?

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Yes. So on the myBankrate side, with the launch of the new Bankrate.com site, there's a whole team now focused on personalization, which will include myBankrate as well as engaging people in ongoing relationships through social. We have a blog site called The Cashlorette who has 135,000 or so followers in a couple of months, and it's getting on the radar screen in terms of advertisers and providers. We are focusing on personalizing experience in terms of when someone comes back, based on what they've done in the past visit that retailers experienced using some of those signals. So myBankrate will be a piece of it. We still have a couple million members across Quizzle, myBankrate and My. CreditCards, but we're taking a much more expansive view on personalization, which we think will serve us well.

Operator

Our next question comes from Oscar Turner with SunTrust.

Oscar D. Turner - *SunTrust Robinson Humphrey, Inc., Research Division - Associate*

So I was wondering, could the lower credit card conversion rate that you mentioned be due to a change in banks' behavior? We've seen some interesting articles recently about people signing up cards just for loyalty points. So we're wondering if that could've affected the conversion rates, your conversion rates, in some way.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

So based on what we're hearing from the issuers who have long -- many of them have sort of long evaluated the quality of our traffic and whether we've got what called gamers, and putting really tight guidelines in terms of who they'll approve based on what are the cards they have. So we don't think that's an impact. There may be a little less -- a little more tight aperture in terms of the risk profile, as people sort of digest some of the economic news and where they want to go with respect to underwriting. Yes, I think the last piece of that, which as I raised earlier, is as new card launches are brought to the market and products are updated in terms of offers and rewards, many of those are supported with a marketing program that encourages folks to apply, and banks look for those customers and bring them in. So we've seen this in the past. It's typically short-lived. We're watching it closely, which is why we flagged it. We've got pretty good visibility, day in and day out. We saw the trend in March continued in April, I think it got worse in April. And we're just starting May, obviously, so we'll have a sense in a couple of weeks of what we're seeing.

Oscar D. Turner - *SunTrust Robinson Humphrey, Inc., Research Division - Associate*

I wonder what time you saw this type of contraction in conversion rates in Credit Cards.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

Yes. If I remember correctly, it predates me, but there was a little bit of a slowdown in '12. And that, if I remember correctly, was related to a lot of the regulatory reviews and some of the issues facing -- some of the issues that had nothing to do with card issuance, but we're touching other parts of the banks, and it rebounded pretty quickly. So we'll keep you posted. We wanted to flag it, but we feel really good about the full year.

Oscar D. Turner - *SunTrust Robinson Humphrey, Inc., Research Division - Associate*

And second question, sticking on Credit Cards, on the cost side. Did you provide your run rate marketing expense in Credit Cards in the quarter? I was just wondering if you guys are seeing signs that marketing investments are driving organic traffic.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

It's a great question. So we provided the following data points, that CreditCards.com organic went from roughly 50% to 29% of total cards revenue -- consumer inquiry revenue, which is the revenue coming from our owned and operated sites. And organic revenue is flat, and this is a year past, some of the changes we saw in surge. We doubled the revenue coming from outside of CreditCards.com organic, and we were able to do that consistently at 35% contribution margin, first quarter '17 over first quarter '16. So we can do a little work to try to tease out the spend levels, but we didn't specifically highlight them on the call.

Oscar D. Turner - *SunTrust Robinson Humphrey, Inc., Research Division - Associate*

Okay. So I mean, if you're seeing those, that type of organic growth, I guess it's pretty impressive. I mean, over what time frame do you expect to realize operating leverage from the marketing that seems to be difficult?

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Just to be clear, we didn't see organic growth. Organic was flat, which given where we were a year ago, when there was a big shift in the trajectory of the organic part of CreditCards.com. There is definitely a -- in a relationship between the marketing spend that we do, particularly on SEM, but some of the display and recharging we do for CreditCards.com visitors that shows up as an organic visit, and the ability to break out organic revenue versus paid revenue gets harder and harder as we go into the marketing channels where you have to attribute revenue and you can't directly track it. But again, as we look at moving beyond the footprint on CreditCards.com organic, much of the growth is coming from our paid marketing efforts and our social footprint coming out of pretty good contribution margin, and we're looking for absolute dollars of EBITDA and you're seeing the margin contraction fall into that. So more EBITDA dollars at lower EBITDA margins will make that trade-off to grow absolute dollars of EBITDA, and we've talked about that over the last couple of calls.

Operator

Our next question comes from Allen Klee with Sidoti.

Allen Klee - *Sidoti & Company, LLC - Research Analyst*

Just a follow-up on the Credit Card, what you were saying about next quarter. Does that also imply that the EBITDA margins for the Credit Card segment are temporarily depressed?

Steven D. Barnhart - *Bankrate, Inc. - CFO and SVP*

Yes. I mean, Allen, if you look at the -- just do the math on the guidance and the implied overall margins, you'll see the step-down in the second quarter, and that is largely due to Credit Cards.

Operator

I'm not showing any further questions in queue at this time. I would now like to turn the call back over to Mr. Esterow for closing remarks.

Kenneth S. Esterow - *Bankrate, Inc. - CEO, President and Director*

Thanks, James, and thanks, everyone, for listening. We're really pleased how the year started off. We're looking forward to continuing our momentum. Steve and I have a number of conferences scheduled in the upcoming weeks, and we look forward to seeing a number of you on the road. Thanks, James.

Operator

Thank you. That does conclude today's conference. Thank you very much for your participation. You may all disconnect. Have a wonderful day.