

Bankrate broadens its reach with buys

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NORTH PALM BEACH — Shares in Bankrate Inc. jumped 22 percent Monday after the online publisher said it bought an online credit card company and a college savings site.

North Palm Beach-based Bankrate (Nasdaq: RATE, \$45.95) said it paid \$26.4 million in cash last week for Nationwide Card Services, which markets consumer and business credit cards on the Internet. Bankrate also agreed to pay up to \$7 million in bonuses based on the company's future performance.

The 25-employee company's headquarters will remain in Memphis.

In a second deal that closed last week, Bankrate paid \$2.25 million, plus up to \$2 million in performance bonuses, for [Savingforcollege.com](#) of Rochester, N.Y.

The privately held company runs a Web site that provides information about college savings plans. It will remain in Rochester.

Bankrate traditionally has attracted consumers who are shopping for mortgages and CDs, but it has been broadening its reach in recent years. In 2005, the company paid \$30 million for rival MMIS/Interest.com of Villa Park, Ill., and \$10 million for FastFind of San Francisco.

And in October, Bankrate added a retirement channel to its [Bankrate.com](#) site.

The deals announced Monday aim to further expand Bankrate's audience, Chief Executive Officer Thomas Evans said.

"It's going to add more breadth, more depth and make us a more profitable company," Evans said Monday.

Traffic to Bankrate's site has increased in spite of the housing slowdown, Evans told analysts Monday during a conference call. Chaos in the mortgage market has made consumers hungrier than ever for information, and he said Bankrate has escaped the subprime meltdown.

"We're not a place you go to get subprime leads," Evans said. "We have not seen a decline in traffic."

Bankrate expects both deals to boost profits in 2008, and the company said next year's sales will top \$140 million.

The spike in Bankrate's shares underscores the company's dramatic turnaround in the past six years. Once a victim of the dot-com crash, Bankrate's shares have skyrocketed since falling below \$1 in 2001.

Analyst Mark May of Needham & Co. applauded the deals.

"The two businesses fit nicely," New York-based May said of the acquisitions. "Bankrate got the companies at very good valuations."

Citigroup analyst Mark Mahaney, meanwhile, raised Bankrate to "buy" from "hold."

"Bankrate's ability to successfully diversify its business is an intrinsic positive and also bodes well for the new, expanded content channels rolling out in 2008," Mahaney wrote in a note to investors.