MediaAlpha

MediaAlpha, Inc.
First Quarter 2026 Earnings Call Webcast - Prepared Remarks
April 29, 2026

Alex Liloia, Investor Relations:

Thanks, Operator. Good afternoon and thank you for joining us. With me are Co-Founder and CEO Steve Yi and CFO Pat Thompson.

On today's call, we'll make forward-looking statements relating to our business and outlook for future financial results, including our financial guidance for the second quarter of 2026. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to our SEC filings, including our annual report on Form 10-K and quarterly reports on Form 10-Q, for a fuller explanation of those risks and uncertainties and the limits applicable to forward-looking statements. All the forward-looking statements we make on this call reflect our assumptions and beliefs as of today, and we disclaim any obligation to update such statements except as required by law.

Today's discussion will include non-GAAP financial measures, which are not a substitute for GAAP results. Reconciliations of these non-GAAP financial measures to the corresponding GAAP measures can be found in our press release and shareholder letter issued today, which are available on the Investor Relations section of our website.

I'll now turn the call over to Steve.

Steve Yi, CEO:

Thanks, Alex. Hi everyone, thank you for joining us.

We're off to a strong start in 2026, delivering record results across all of our key financial metrics. First quarter Transaction Value came in above the midpoint of our guidance range, reflecting continued strength in auto insurance carrier spend and further broadening of carrier participation on our platform. These dynamics drove a favorable mix shift to our Open Marketplace, pushing Revenue above the high end of our guidance.

Within P&C, we've seen a number of carriers that were previously punching under their weight in our marketplace take meaningful steps over the last several quarters to increase their spend. As anticipated, this is resulting in a mix-shift toward our higher-margin Open Marketplace where our estimated 3x scale advantage and unmatched proprietary data, fuel highly differentiated, predictive AI optimizations that drive better outcomes for our partners. Moving forward, I'm encouraged by the productive conversations we're having with a growing number of leading carriers about further leveraging our trusted infrastructure and AI targeting capabilities to maximize their return on ad spend and gain market share.

The underlying auto insurance industry remains healthy. Carriers are strongly profitable, and are competing more aggressively by lowering their rates and increasing their advertising spend as they prioritize policy growth. While underwriting margins have begun to decline from record levels, they remain robust by historical standards. We believe these conditions support further growth in our P&C vertical, which continues to benefit from the secular shift in carrier distribution spend from agent commissions and offline advertising, to a direct-to-consumer model supported by online performance marketing.

While not yet material to our results, our strong first quarter P&C traffic growth suggests that consumers who are starting their insurance shopping experience on LLMs are driving incremental referrals through our marketplace. During the quarter, we were pleased to see a significant strategic shift by a leading LLM to place greater emphasis on advertising monetization to support their consumer product. We view this as a favorable development that could meaningfully accelerate LLM referral traffic and revenue growth for us and our partners. We remain confident that carriers will stay central to the quoting and binding experience, regardless of how the consumer shopping experience evolves, reinforcing our highly defensible position as the core infrastructure layer connecting carriers with insurance shoppers. As a trusted partner to carriers and a leader in AI-powered insurance distribution, we recently launched autoinsurance.net — a ChatGPT-powered shopping experience that simplifies the consumer journey, while keeping carriers in full control of their brand, compliance standards, and quoting processes. This is an early proof-of-concept product, and we're excited about what comes next as we continue to build out this capability to better support our partners.

On the Health insurance side, our under-65 business continues to represent a diminishing portion of our overall mix, which is in alignment with our plans. We continue to believe that Medicare Advantage is the long-term growth opportunity for this vertical.

Importantly, we remain focused on utilizing our significant free cash flow to maximize shareholder value. We are executing aggressively on our outstanding share repurchase authorization, and have returned over $25 million of capital to shareholders already this year.

As we look ahead, we're energized by the opportunities in front of us. Carrier and agent participation in our marketplace continues to expand, and the innovations we're bringing to market are opening new doors for consumers to discover and connect with both carriers and agents. Overall, we believe we're well positioned to deliver both sustained profitable growth and long-term shareholder value.

Before turning the call over to Pat, I'm proud to share that MediaAlpha has earned a Great Place to Work certification for the 10th consecutive year, with 95% of our team members affirming that our company is indeed a great place to work. This recognition reflects the strength of our culture and our exceptional team, which underpin everything we do.

Pat Thompson, CFO:

Thanks, Steve.

I'll start by walking through the key drivers of our Q1 results and then cover our Q2 outlook.

As Steve mentioned, Transaction Value came in above the midpoint of our guidance range. Revenue was $310 million, above the high end of our guidance range, reflecting a favorable Open Marketplace mix shift driven by broader carrier participation in our marketplace.

Adjusted EBITDA for the quarter was $31.4 million, up 7% year over year. Our efficient operating model and disciplined expense management allowed us to convert 64% of Contribution to Adjusted EBITDA.

Excluding under-65 Health, our core business performance was very strong, with year-over-year revenue and Adjusted EBITDA each growing 28%.

Turning to the balance sheet, we completed the refinancing of our credit facilities during the quarter. As detailed in the Form 8-K we filed with the SEC, we put in place a new $150 million senior secured term loan and a $60 million revolving credit facility, both maturing in March 2031. The refinancing replaces our prior arrangements, extends our debt maturity profile meaningfully, and provides enhanced financial flexibility. We drew modestly on the revolver in connection with closing, and we ended the quarter with $26.1 million in cash and $45 million undrawn on the revolver.

On capital allocation, since the beginning of the year we have repurchased approximately 2.6 million shares for $25 million, representing approximately 4% of the Company. We remain committed and on track to complete the vast majority of the remaining $60 million of our $100 million authorization in 2026.

Turning to Q2, we will be changing how we present guidance — we will be guiding to Contribution, and will no longer report Transaction Value, as we think Contribution is a more relevant metric for investors evaluating the Company's performance relative to our publicly traded peers.

We expect:

- Revenue of $290 million to $310 million, up approximately 19% year over year at the midpoint.
- Contribution of $45.5 million to $48.5 million, up approximately 18% year over year at the midpoint.
- Adjusted EBITDA of $28.0 million to $30.5 million, up approximately 19% year over year at the midpoint, including an approximately $2 million year-over-year decline in Contribution from under-65 Health. Excluding under-65 Health, we expect Contribution to increase by 25% and Adjusted EBITDA to increase by 31% year over year.

For Q2, we expect the Health vertical to be approximately 1% of total revenue, as we made a strategic decision to limit under-65 Health Open Marketplace participation to carriers only, simplifying our operations.

Looking at the remainder of 2026, we are entering a more normalized growth environment in P&C. Accordingly, we expect growth rates to moderate in the back half of 2026 as we lap increasingly strong prior year comparisons. We continue to expect to generate $90 - $100 million in free cash flow for the year. Overall, we remain confident in the strength of our position and the long-term opportunity ahead.

With that, Operator, we are ready to take the first question.