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Taking A Second Look At Ebix

8/4/2009 5:25 AM ET

Shares of insurance software maker Ebix Inc. (EBIX) touched a new 52-week intraday high of \$44.20 on Monday before settling at \$44.09 at the close. The company's stock has almost doubled in price since the beginning of this year.

Ebix provides a series of application software products for the insurance industry, including brokers, insurance carriers, exchanges and policy holders including many Fortune 500 companies. Apart from the U.S., the company operates in five other countries including Australia, New Zealand, Singapore, UK and India.

The company's customer base includes hundreds of carriers and more than 300,000 brokers, and in addition to a few hundred corporate clients. The company commands 85% share in broking system markets in Australia, and 80% share in New Zealand.

With more than 70% of revenue being generated from recurring sources and a 99% customer retention rate, the company has been able to post strong year-over-year growth in earnings and revenue. In the last five years, the company's earnings have grown from \$2.6 million or \$0.24 per share in 2004 to \$27.4 million or \$2.28 per share in 2008. Revenue during the same time frame has increased from \$20 million in 2004 to \$74.5 million in 2008. (The stock underwent a 3 for 1 split in October 2008 and per share earnings are adjusted for the split).

The accretive acquisitions made by the company are also one of the factors driving its growth. Some of the recent acquisitions include:

- Acclamation Systems Inc., a provider of SaaS (Software as a Service)-based healthcare benefits and claims management software, acquired in August 2008. The acquisition helped Ebix gain entry into the fast-growing health benefits and claims processing sector of the insurance industry.
- ConfirmNet Corp., a provider of insurance certificate management solutions, purchased last November.
- FACTS Services Inc., a developer of automated and integrated software and hardware systems for healthcare payers, specializing in claims processing, employee benefits, risk management, cost containment and managed care in May 2009.

With changes in the insurance industry likely to create new opportunities for the company, which is focusing not only on organic

growth but also being open to make accretive acquisitions, Ebix may continue to see its sales and earnings rise.

In the first-quarter of 2009, the company reported net income of \$8.34 million or \$0.69 per share, representing a 47% growth over the year-ago quarter. Revenue for the first-quarter of 2009 rose 24% to \$20.67 million from \$16.64 million in the comparable quarter last year.

Ebix is slated to report its second-quarter financial results on Wednesday morning, August 5. The lone analyst who tracks the company expects earnings of \$0.60 per share and revenue of \$21.87 million. Stay tuned...

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