Ebix Inc. (Third Quarter 2022 Investor Call)

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Corporate Speakers:

- Darren Joseph; Ebix, Inc.; Corporate VP of Finance & HR
- Steven Hamil; Ebix, Inc.; Corporate Executive VP & Global CFO
- Ash Sawhney; Ebix, Inc.; President of Insurance Solutions, North America
- Robin Raina; Ebix, Inc.; Chairman, CEO & President

Participants:

- Joichi Sakai; Singular Research, LLC; Equity Research Analyst
- Jeffrey Van Rhee; Craig-Hallum Capital Group LLC; Research Division, Partner & Senior Research Analyst

PRESENTATION

Operator^ Good morning, and welcome to Ebix Inc.'s Third Quarter 2022 Financial Results Investor Call. (Operator Instructions) As a reminder, this conference call is being recorded. I would now like to turn the call over to Ebix' Corporate Vice President, Darren Joseph. Please go ahead.

Darren Joseph^ Thank you. Welcome, everyone, to Ebix Inc.'s 2022 Third Quarter Earnings Conference Call. Joining me to discuss the quarter is Ebix Chairman, President and CEO, Robin Raina; Ebix Global CFO, Steve Hamil; and Ebix North American President, Ash Sawhney. Following our remarks, we will open up the call for your questions.

Now let me quickly cover the safe harbor. Some of the statements that we make today are forward-looking, including, among others, statements regarding Ebix' future investments, our long-term growth and innovation, the expected performance of our businesses and our use of cash.

These statements involve a number of risks and uncertainties that might cause actual results to differ materially from those projected in the forward-looking statement. Please note that these forward-looking statements reflect our opinions only as of the date of this presentation and we undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events.

Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements made today are contained in our SEC filings, which list a more detailed description of the risk factors that may affect our results.

Our press release announcing the Q3 2022 results was issued this morning. The audio of this investor call is also being webcast live on the web at www.ebix.com/webcast. You can look into Ebix's financials beyond what has been provided in the release on our website, www.ebix.com.

The audio and the text transcript of this call will be available on the Investor homepage of the Ebix website after 4:00 p.m. Eastern Time today.

Let me now present the key metrics in our Q3 '22 results. Q3 GAAP EPS was $0.59 with 18% year-over-year growth. Non-GAAP diluted EPS in Q3 2022 was $0.70. GAAP revenues of $257.9 million or 35% year-over-year growth.

GAAP operating income of $30.4 million with 8% year-over-year growth. Cash generated from operations in Q3 2022 grew 48% sequentially to $23.6 million as compared to $15.9 million in Q2 2022.

Year-over-year cash generated from operations increased 30% in Q3 2022. Non-GAAP operating income in Q3 '22 was $33.6 million. Let me at the outset tell you what we are against in this quarter.

The recent worldwide inflationary trends that resulted in the U.S. dollar strengthening against most currencies, resulting in revenue headwinds of $16.9 million in Q3 2022 versus Q2 2022.

Year-to-date revenues were negatively impacted by currency exchange movements by $33.8 million. Our bank costs were higher by $4.5 million in Q3 '22 as compared to Q3 -- as compared to Q3 '21 for reasons beyond our control. We have experienced elevated costs associated with the across-the-board salary increases for our employees in most international geographies as compared to Q3 2021.

In spite of these issues faced by the company, our worldwide GAAP revenues grew 35% year-over-year and excluding the prepaid card business grew 29% year-over-year. Excluding the prepaid gift card revenues, EbixCash GAAP revenues increased year-over-year by 82%. Insurance GAAP revenues worldwide decreased by 2% year-over-year in Q3 2022 and RCS revenues increased 14% year-over-year during Q2 2022.

Insurance Exchange revenues were slightly higher year-over-year in Q3 2022 on a constant currency basis. On a constant currency basis, our Q3 2022 revenues grew by 43% year-over-year to $274.8 million.

On a constant currency basis, 8 of the 10 geographies experienced year-over-year revenue growth in both Q3 2022 and on a year-to-date Q3 2022 basis. Exchanges, including EbixCash and our worldwide insurance exchanges continue to be Ebix's largest channel, accounting for 92% of Q3 2022 revenues.

The main contributors to the strong growth in Q3 2022 were the company's EbixCash travel and foreign exchange remittance revenues that grew a combined 145% year-over-year EbixCash Payment Solutions revenue primarily prepaid gift cards growth of 39%, EbixCash BPO revenues year-over-year growth of 42%, Latin America revenue year-over-year growth of 5% and U.S. annuity revenue growth of 16% year-over-year and e-learning revenue year-over-year growth of 110%.

Our EbixCash exchange revenues, excluding our prepaid gift card business, generated 82% year-over-year growth in revenues in Q3 2022. Our most negatively impact businesses from COVID-19 with an EbixCash limited experienced solid year-over-year growth in the third quarter of 2022.

In total, our travel, foreign exchange, outward remittance, inward remittance, e-learning and financial technologies businesses combined grew revenues by 86% year-over-year during the third quarter of 2022. Year-over-year growth in travel and foreign exchange outward remittance revenues were 265% and 73%, respectively.

Inward remittance revenues experienced a 22% year-over-year decline in revenues during the third quarter of 2020 due to certain onetime events during Q3. Our e-learning business continues to benefit from normal school operations in India and contributed a 110% growth rate year-over-year during the third quarter of 2022.

Finally, the Financial Technologies businesses had 28% year-over-year revenue growth in the third quarter of 2022. In Q3 2022, our non-GAAP EBITDA plus stock-based compensation was $35.8 million, while we reported operating cash flows of $23.6 million, we feel good about that as it speaks to the fundamental strength of our business. I will now turn the call over to Steve.

Steven Hamil^ Thanks, Darren. Global inflationary pressures and recessionary conditions have resulted in the strengthening of the U.S. dollar against most currencies during 2022.

For the third quarter and year-to-date period, the negative impact from foreign exchange movements reduced our reported revenues by $16.9 million and $33.8 million, respectively. This has been the largest quarterly and year-to-date negative impact from foreign exchange movements in the past 8 fiscal years for Ebix.

In fact, the year-to-date Q3 2022 negative impact of $33.8 million is a larger headwind than the year-to-date Q3 2020 period when COVID change the world. Despite this reality for a global company like Ebix, our GAAP revenues increased 35% while constant currency revenues grew 43% year-over-year in Q3 2022.

On a year-to-date basis, as of September 30, 2022, our GAAP revenues grew 9.2% year-over-year to $795 million, while our constant currency revenues grew by 14% year-over-year. Operating income in Q3 2022 was $30.4 million, an 8% increase from Q3 '21.

Operating income of $28.1 million and slightly higher than Q2 2022 operating income of $30.1 million.

Our operating margin of 11.8% in Q3 2022 compares to 12% in Q2 2022 and 14.7% in Q3 2021. The decrease year-over-year relates primarily to revenue mix changes in Q3 2022 versus the prior year quarter. EbixCash's Payment Solutions business, which is primarily comprised of our prepaid gift card revenues and which have very low margins, increased 39% year-over-year in Q3 2022 as compared to Q3 2021.

Additionally, we've incurred some incremental costs due to inflation and investing in COVID-19 impacted business lines that are improving each quarter, such as our travel and foreign exchange businesses.

These investments increased our total G&A costs by $9 million year-over-year in Q3 2022, primarily in the form of increased personnel costs of $4.9 million and increased rent expense of $3.7 million. Increased rent expense relates primarily to the reopening of foreign exchange operations and major ports of entry in India.

Excluding the impact of the prepaid gift card business, Q3 2022 operating margins were 26.4%. During the year-to-date period of 2022, we had the following major cash uses, $33 million of cash interest paid, $29 million for income-related taxes paid globally, a combined $18-plus million expended on CapEx and software development costs, $23.5 million used to reduce the principal outstanding on our corporate credit facility and $7 million for our dividend payments.

This $111 million represents cumulative year-to-date payments just for lenders, taxes, dividends and CapEx. We funded these initiatives from existing cash plus operating cash flows generated during the year. After spending $111 million on these items, the company has liquidity on hand, which includes cash, cash equivalents, short-term investments and restricted cash of $98.7 million as of the 30th of September 2022 versus $125.2 million at 12/31/'21.

For the year-to-date 2022 period versus the similar period in 2021, Ebix paid an incremental $14.4 million in cash taxes and $8.9 million in cash interest while also investing an incremental $8.5 million in the company in the form of CapEx and software development costs.

Our total debt on September 30, 2022, was $637 million, a reduction of $30 million from total debt of $667 million as of September 30, 2021. Our current corporate credit facility contains 2 financial covenants, a consolidated net leverage covenant and FX charge coverage covenant.

Our consolidated net leverage ratio was approximately 3.75x at 9/30/2022 and versus 4.43x at 9/30/2021 and 4.2x at 12/31/2021. Our consolidated net leverage covenant at 9/30/2022 was 4.5x, so we were comfortably inside of that.

Our fixed charge coverage ratio was approximately 1.53x and at 9/30/2022 versus our covenant level of 1.25x. We were in compliance with our credit facility financial covenants at 9/30/2020. Robin will provide a further update on the efforts that are ongoing to address the impending maturity of the credit facility in February 2023 during his remarks.

Ebix continues to improve its financial results despite the currency headwinds and a rising interest rate environment. Reaching pre-COVID-19 operating levels and the negatively impacted businesses is a goal we are continuing to move towards.

While we saw a rebound in activity in most of these businesses beginning late in 2021, Q3 2022 revenues remain depressed from pre-COVID-19 levels. Q3 2022 revenues from travel, foreign exchange, remittance financial technologies and e-learning were 26% lower than Q4 2019 revenues, the last quarter prior to the beginning of the negative COVID-19 impact on Ebix.

However, in Q2 2022 and Q1 2022, these business lines were approximately 31% and 55% lower than Q4 2019 revenues. And this illustrates the continued improvement in these COVID-19 impacted business lines over time. While we have some important hurdles to clear in the next few quarters, most notably changing our capital structure to address the corporate credit facility maturity, we continue to see the incredible value proposition that Ebix can provide to its stakeholders over the long term.

I want to thank the thousands of employees around the world for all of their hard work and dedication to Ebix so that we can continue to provide strong customer experiences globally. Finally, Ebix's Form 10-Q will be filed later today. I would like to now turn the call over to the President of our North American insurance businesses, Ash Sawhney, for his remarks on our third quarter 2022 operations. Ash?

Ash Sawhney^ Thank you, Darren and Steve. I will now talk about the North American results and outlook. The North American revenue for Q3 was down approximately 1.8% compared to the same quarter last year.

On a year-to-date basis for the first 3 quarters, the business continues to be marginally higher compared to the same period in 2021. Our core exchanges comprised of life and annuity, health, illustration, P&C, CRM, and certificate tracking businesses are collectively up approximately 4.5% in Q3 2022 compared to the same quarter last year.

These were offset by a 13% decline collectively in our underwriting, health content and noncore consulting businesses. Our life and annuity and health exchanges collectively were the strongest performers showing an aggregate increase of 14% in Q3 2022 compared to the same quarter last year.

I will now provide a more granular overview of the underlying business units. The annuity exchange revenue was up 16% in Q3 '22 compared to the same quarter last year.

Number of transactions flowing through the platform were up 43% on in Q3 compared to the same quarter last year.

Sequentially, compared to Q2 of '22, the transaction count was down 10% and the revenue was down 1.6% mainly due to the fact that Q2 was the highest quarter ever recorded in terms of revenue and transaction volume.

In Q3, we added a to the platform. We also delivered new modules to Sagicor, an American National Insurance Company. In Q3, we successfully delivered an engineered release with over 2 dozen enhancements for the industry. Our life insurance order entry exchange was up 26% in Q3 of '22 compared to the same quarter last year and up 44% sequentially.

On a year-to-date basis, the division is up 26% and is on pace to deliver the highest revenue year in its history. We are benefiting from new carriers that are being added to the platform and the ongoing build-out of the JPMorgan Life platform.

In Q3, we delivered over 30 enhancements, including updates to Lincoln, Credential, John Hancock and Edward Jones. The illustration exchange revenue in Q3 was down approximately 6% compared to Q3 of last year as well as compared to Q2 of 2022. This is mainly due to projects that are still in implementation.

On a year-to-date basis, we are trending marginally higher than last year, and the revenue level is the highest it has ever been for this group. We are continuing to add new capabilities to the platform and plan to announce major upgrades at the Ebix exposition plan for Q1 in 2023. The health exchange revenue in Q3 2022 was up 10% compared to Q3 of 2021.

On a sequential basis, the revenue was up 6% in Q3 compared to Q2 of last Q3 compared to Q2 this year. This was the highest ever revenue quarter for this division, aided by the onboarding efforts of AON and the expanded work with AIG. AON is expected to go live in Q1 of 2023.

The medical certification business was flat in Q3 compared to Q2 and down 2% compared to the same quarter last year. The online video streaming and accreditation business was up and the subscription business was down this quarter. We have initiated a new omnichannel marketing effort, which we believe will be beneficial for this group in the long term.

In Q3, we signed several new contracts, including Harvard obesity, NYU Physical Medicine and the Cleveland Clinic Pediatrics and Internal Medicine. We are gearing up for Q4, which is historically the best quarter of the year for this division.

The core consulting business was flat in Q3 relative to Q2 of 2022. Main highlights this quarter were ongoing work from JPMorgan, Aspida, Sagicor and Several of our core consulting services, including products set up, testing and integration are now closely aligned with our exchanges. We have several deals in the pipeline and expect a few of these to close in Q4.

The underwriting division was down 6% sequentially in Q3 and 5% compared to Q3 of 2021. Certain projects are running behind schedule due to resource constraints. Remedial steps have been taken, and we expect to fully catch up in the coming quarters. In Q3, we added annuity processing capabilities to the platform. We also delivered new product updates to Manulife, John Hancock, Sun Life, and Indiana Farm Bureau.

The CRM division was down 5% sequentially. On a year-to-date basis, the business is currently running flat. This past year, we have focused on restructuring and repositioning the CRM division. The division has 2 distinct subdivisions, the retail segment, which targets smaller distributors and the enterprise division, which targets large enterprise accounts.

On the retail front, we have made several changes, including rebuilding the entire sales team. We also added new product capabilities and have repositioned the product to be more than just the CRM platform and have included other value-added services for the users. We are pleased with the progress and feel that the retail unit is now turning around and will continue to be on a growth path.

We are also addressing the needs of the enterprise group. We will be adding more sales resources and also launching new integrations to the platform, which will provide broader revenue opportunities. The platform remains a preferred platform for thousands of insurance agents and agencies who value the specialized insurance capabilities that the product provides.

The risk compliance certificate tracking business stayed steady, showing 2% sequential growth and 5% increase over the same quarter last year. Key clients added to this quarter include the San Diego County, Conheim Management Services, the Rockefeller Group, West Main and the Hyundai Motor Corporation.

The P&C Risk Management division was up 8.8% sequentially in Q3 and relatively flat compared to the same quarter last year. On a year-to-date basis, the division is tracking up approximately 4%. We launched a new version of the risk management information system platform in Q3. Looking forward towards Q4, we remain optimistic.

The last quarter of the year typically is the strongest quarter for the North American business. Several factors contribute to this optimism. Historically, the medical certification business sees a significant uptick in the fourth quarter as physicians have a deadline to get their CE credits.

We expect this year to be no different. The core life and annuity exchanges will continue on a growth path. This is driven by favorable interest rate conditions in the market as well as addition of several new carriers and distributors to the platform. The pipeline remains strong. We are also seeing a steady stream of work requests from existing customers.

As we add more carriers and distributors, we also see a steady uptick in our core consulting revenue. We expect this trend to continue well beyond the next quarter. Starting earlier this year, we started to expand our sales team. We are pleased with the high caliber of sales executives that we have added to the team this year.

We have seen early successes with new deals and a healthy pipeline. Our goal is to fully staff the sales organization by the end of the year. We are on track with this goal. Steadily, we will start to catch up on the backlog of work on the underwriting platform. We are pleased with the rebuilding of the pipeline both in the U.S. and Canada.

Looking beyond Q4, we remain optimistic that the North American business will continue towards the path of organic growth. As mentioned before, our core exchanges are already trending at growth rates at middle single digits. With the rebounds of the underwriting division and our Enterprise CRM platform, we will be able to increase this growth rate.

As previously stated, we expect to augment our organic growth with synergistic acquisitions based on the pending IPO in India and other capital raising initiatives. We are excited about the EbixExpo, which is being planned for Q1 of 2023. This is the first time since COVID that our user community will be able to meet in person. This gives us a tremendous opportunity to showcase all our products.

We will be announcing the launch of our upgraded exchange platform called the super highway. More on this in the coming months. While there is a growing concern in the industry about the business climate and the possible recession. We believe Ebix is in a strong position. Our robust business model, which is founded on a diverse customer base, industry-leading products and a largely recurring revenue model will allow us to maintain our strong position. With that, I will pass this along to Robin for his comments.

Robin Raina^ Good morning, everyone. These are extraordinary times for the corporate sector globally with inflationary pressures and recession fears, creating the abnormal condition of most major currencies abnormally weakening against the U.S. dollar besides debt rates climbing substantially worldwide.

This in turn has led to substantial pressure on international companies headquartered in the U.S. for obvious reasons. If you take that into account, then Ebix Q3 '22 results look especially outstanding. A few things stood out for me in the quarter. One, the 35% year-over-year growth in worldwide GAAP revenues.

The 43% year-over-year growth in worldwide constant currency revenues. The 29% growth in worldwide GAAP revenues, excluding the prepaid card business. The year-over-year EbixCash GAAP revenue growth of 82% excluding the prepaid cards business. Year-over-year growth in 8 of the 11 geographies on a constant currency basis.

All 3 business channels, namely Insurance Exchanges, EbixCash and Risk Compliance solutions channel showing year-over-year growth on a constant currency basis. Risk Compliance Solution channel showing year-over-year GAAP revenue growth of 14%. 18% year-over-year EPS growth on a GAAP basis despite the company incurring incremental interest expense in Q3 '22 worth approximately $0.15 per diluted share.

Our non-GAAP EPS was $0.71. What also stood out for me was the continued financial discipline exhibited by the company, along with the recurring cash generation abilities of the company.

We continued to take our leverage down substantially. Our consolidated net leverage ratio, as Steve defined, was at a healthy 3.75 as of 30th September '22 versus 4.43 as of a year back and 4.2 as of 31st December 21. During the year '22 itself, we also paid approximately $110.8 million on principal and interest payments to lenders, income taxes, dividend to shareholders and CapEx, et cetera, and the company still has liquidity on hand, which includes cash, cash equivalents, short-term investments and restricted cash of $98.7 million as of 30th September 22.

The company's financial discipline can be gated from the fact that over the last 2 years, since 30th September 2020, the company has made cumulative cash payments aggregating $229 million just for cash taxes, shareholder dividends and lender principal and interest payments only.

This includes principal payments of $71.7 million towards debt reduction despite the $229 million of cash outflow, just on lender payment, tax payments and shareholder dividend payments, our overall liquidity on hand is still at $98.7 million as compared to $126.5 million on 30th September 2020.

These numbers speak to the fundamental, financial strength of the company for me. On the IPO front, the company is hopeful of an early approval of its subsidiaries DRHP, leading to the filing of the red herring prospectus and the eventual IPO. Also, EbixCash has already received in-principle approval from the 2 stock exchanges, Bombay Stock Exchange and National Stock Exchange for the IPO. We are hoping to report something on this front soon.

Also, EbixCash in recent times has received all the required license renewals for future periods for its various regulated businesses, including foreign exchange, prepaid card businesses and the BVP OU licenses from the financial regulatory body, governing such licenses besides having cleared the inspection audit of the financial regulatory body successfully.

Let me add that 2 independent joint statutory auditors for the consolidated India business, namely Grand India and have audited and filed the EbixCash audit for the 3-year period ended March '22 and expressed an unqualified opinion on both the consolidated India business and the Indian gift card subsidiary.

These are public documents accessible to all. All of these are great steps forward in the direction of our EbixCash IPO that our investment bankers are presently fully geared to launch within a short period of 6 to 8 weeks after the DRHP approval.

Let me now address the debt maturity. We remain confident of addressing the debt maturity and are pursuing several avenues to that extent. Our goal is to address the debt maturity with or without the IPO proceeds. These avenues include: one, the engagement of a reputed global investment bank in the United States to act as an adviser to refinance the debt.

A name of the bank will be announced soon in a separate press release. Two, securing 3 IPO investments in EbixCash through our India investment bankers. Three, active engagement with a few international financial institutions to seek financing in Ebix or its subsidiaries. Four, active engagement with a few banks to secure loans in India, the launch of the EbixCash IPO at the earliest.

We have reason to believe that we can succeed on many of these fronts. We are expecting to report progress on a few of these fronts soon. Our goal remains to seek a structure that is in the best interest of all our stakeholders and to carve a future for Ebix, which could require materially reduced debt once the EbixCash IPO is launched and closed.

It's not -- it's obviously not lost on us that hypothetically, if we were able to generate enough cash infusion in the form of minority equity in Ebix international subsidiary or subsidiaries, for example, through the EbixCash IPO, then Ebix could have no net interest payments to account for on a worldwide basis and our EPS could then be a number well north of $1 in a quarter.

We can only disclose more details once we have specific results to disclose on the debt front, rest assured that this is the top priority of the company and the Board. As reported earlier, the company has received inbound interest from several reputed strategic and institutional international players for substantial investments in Ebix or and its subsidiaries.

Accordingly, the independent board's strategic investment committee will be evaluating any such offers in consultation with its investment bankers and legal advisers. I have chosen not to discuss details of operational metrics like revenues, income, et cetera, across the world during my talk today as Steve, Darren and Ash have spoken about these in quite a bit of detail.

I'm clearly encouraged by the bouncing back of many of our COVID-affected businesses like travel and foreign exchange that grew a combined 145% year-over-year. As we ramp these businesses up in various geographies, including Philippines and Indonesia, where we are the leading player our operating metrics are expected to further improve. With that, I'll close my talk now and pass the call to the operator to open it up for questions. Thank you.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Chris Sakai from Singular Research.

Joichi Sakai^ Can you provide some more color on how much debt will be reduced once the EbixCash IPO happen?

Robin Raina^ Chris, as we have specifically said, look, let's talk about a hypothetical transaction here wherein if an IPO happens and presently, the DRHP talks about approximately $780 million of money raise.

Out of that, the DRHP talks about $350 million being paid back to Ebix Inc. in the form of a CCD payment, which means look at a hypothetical transaction that if we raised $780 million, the net result would be that our overall debt is presently, as Steve, I think, talked about a $637 million number.

So if you have raised an overall money of $780 million, then you are in a net cash positive position. And while we might retire $350 million, you would have cash sitting in various other geographies, which will be earning pretty higher rates of interest decent rates of interest rates in Asia tend to be much higher.

So having said that, you could get into a situation ideally, if you had a good IPO and you raise that amount of money, you would be basically in a position where your net cash in the bank would be more than your debt obligations. But this is all -- we're talking about a successful IPO and a hypothetical transaction here.

Joichi Sakai^ Okay. Can you provide some color on the major growth drivers for insurance.

Robin Raina^ Ash, you want to take it? I can talk to you from an international perspective. Look, our -- if you look at the international businesses, meaning currency obviously has had a huge impact on the international businesses.

But if you -- whether we consider whether we look at Brazil, whether we look at Australia, whether we look at Singapore, we expect a substantial amount of growth in coming quarters. One of the main reasons it is driven by -- we already have orders in hand.

We have orders in hand from some of the top super brokers in the world wherein we are -- for example, for 1 of the top brokers in the world, 1 of the top 3 brokers in the world, we are supposed to be -- we're supposed to implement upwards of 15 countries, their entire back-end system in 15 countries, and these include large locations like Italy and Germany and Belgium and U.S. and Canada.

And those by itself are subscription revenues, which will give us a continued annuity stream over the years in the P&C -- in the P&C policy admin side of the business. So we have many such opportunities that are there. One of the areas, for example, that I should have talked about is we are presently in the process of trying to set up a joint venture with a regulator in India.

And this joint venture, there will be actually 2 regulatory agencies involved we are looking at setting up a joint venture to set up a reinsurance exchange in India. Now that's a completely new business opportunity for us. Having said that, I will hand it over to Ash to talk about present give you an cohesive review from a North America perspective also on insurance. Ash?

Ash Sawhney^ Certainly. Certainly. So as you look at the business here in North America, the core exchanges are already trending at roughly mid-single digits. And in our earlier conversations in our earnings calls, we had said that we can get the growth rate up to the high single digits.

And I think those goals are in sight for our core business. A few business units that have held us back during the COVID period, for example, our underwriting exchange and our some of our noncore consulting businesses, those will have lesser of an impact as we see a rebound.

So overall, the growth drivers continue to be the fact that we are adding more carriers and distributors to the platform than any time in our history. And when we say that, each new addition to the platform provides multiple avenues of revenue we certainly get the license fees and the transaction fees, but there is a network effect.

So when you add a distributor, the distributor also brings in several carriers along with them as we saw with the JPMorgan effect. So the core business is strong. The interest rate tailwind is really good for us.

I hate to say this, but for some industries that are laying off people, very unfortunate, but that trend is actually going to be good for us because we are on the hiring side of things, and we have a backlog that will help us as we are able to hire people more easily. So those are the key factors that I believe will continue to help us in our organic growth.

Robin Raina^ Chris, to add to what Ash said, I'm quite excited about -- in the first quarter of '23, we are organizing very large expo in -- I think it's in Orlando, Ash? It's going to be one of our largest expos with customers traveling nationally into that expo. These are all insurance clients, the who's who will be traveling. And our intent is to launch some newer products.

We'll make some announcements there as also talk about some of the enhancements and we intend to put in. Now the beauty of one of the things that where we absolutely stand apart from other fintech players in the insurance sector in the U.S., our recurring revenue base is a lot higher.

I've looked at a lot of these companies some of our competitors sometimes as an outsider as a possible acquirer and so on. And what I have observed is the 1 thing which absolutely differentiates Ebix is we don't dig a well to take water out every day. We create an annuity stream of revenue.

Our revenue streams, once we get a client, we kind of lock them in and we have our transactions and subscriptions grow as that client starts doing well, we start doing well. Our success is linked to our client success. And that means that it is in our interest to provide top-notch service and to ensure that a client is doing extremely well, right?

And that's been the single biggest reason that has separated us out. We didn't focus a lot on -- you're not going to see us go in and say, "We're going to do this big large perpetual license sale and try to pick up this big large revenue stream in 1 quarter.

We just invested in our products, and we invested in our future. We invested in creating a product stream, which was kind of proprietary exchanges that we had, but they were end-to-end. So once the client came in, they were hooked into it because they were using a lot of our different services. And from there onwards, we -- it gave us a lot of flexibility. It gave us to keep that client as also possibly if we wanted to come up with price increases.

I think in the last call, Ash hinted about price increases in coming quarters. A good example of it is recently in one of the Latin American countries, we decided to do a 26% price rate. We came up with a 26% price raise and which impacted close to 50% of our client base and nobody really complained. Part of it is they were hooked into, we are their growth driver. We are part of their growth story of these clients and -- so that is 1 thing which really differentiates us.

So when we go in into future growth opportunities, we already have a locked revenue base. And every new client addition helps us in growing our revenue base. And if we had all these resource constraints solved. As Ash hinted towards the end of the -- towards the end of his last answer. It -- things would be a lot better for us.

Simply because we're sitting on orders that at times, we are not unable to execute because of the shortage of resources at present. And so I think that sums it up. Thanks, Chris. Hopefully, we answered your question.

Operator^ Our next question comes from Jeff Van Rhee from Craig Hallum.

Jeffrey Van Rhee^ So a couple for me. First, I mean, obviously, given the macro situation numbers and absolute and constant currency looks great here. I'm not going to spend a ton of time on that, we can do with that later.

But I think the front and center issues or the IPO and the debt situation. Robin, how are you managing the timing on the debt versus the IPO, right? Because the IPO we've been waiting on the red hearing. It sounds like SEBI is backed up. It's taken a lot longer from here. It sounds like you feel like you're on the cusp of getting that approval and could then have cash in hand in 6 to 8 weeks.

And at the same time, given their delays thus far with a lot of people's hearing yours as well. You've got to have in mind to drop debt rate where that debt has got to be dealt with through other avenues. How do you think about the timing of the debt versus the IPO? And then also, obviously, in the context of this major U.S. investment bank that you're hiring to handle the debt. Just how should we think about the timing and sort of drop that date and how you're balancing those 2.

Robin Raina^ Look, Jeff, thank you for your question. I think the first thing that I want to emphasize is I said that during my talk that debt is obviously our biggest priority right now. And from a priority perspective, we -- with or without the IPO, we will -- we want to handle the debt maturity and refinance the debt. So that is the first answer to it.

Now -- and we're working towards it. And I can't obviously give you specific details of who and what and what time line, but I can tell you that our strategy is that with or without this IPO, we want to pay back this debt.

Now having an IPO, obviously, is the cheapest form of getting this the debt handle simply because that would be an equity infusion into EbixCash. It doesn't dilute any of my Ebix shareholders. It brings in money into the company. And basically, the P&L zooms up, as you know, which I talked about in my talk and so on our interest costs go away and so on. So we're fully aware of it.

Having said that, we can't, at the same time, the way presently when you look at the IPO process, from a CPE perspective, it is not like we are the 1 that we -- they have taken an extraordinary amount of time with respect to EbixCash versus others.

If you ran an analysis on EbixCash versus people who file their IPO at the same time, you're going to see many of them are have -- most of them have not got their approval that yet. Part of it is COVID changed a lot of things, and it created a lot of pressure on the regulatory organizations and so on in terms of there's a long pipeline of things that they were handling.

However, I have reason to believe that we should be getting some approval very soon. Now I can't speak for SEBI or for a securities agency, obviously, until we have something to unease.

So having said that, I will stop at that as regards to that 1 because the day we have the approval, we will announce it immediately to the market. Presently, all the road blocks are -- the main -- if you look at where we are with respect to look, we -- all our regulatory approvals are there.

All the involved organizations that would have had to give go ahead in terms of any issues with EbixCash in any form, have given a thumbs up, which I referenced, whether it's our auditor, whether it is the regulatory bodies, whether it is the financial audit, whether it is the license renewal, all of them have happened. So it's a process we are handling.

So having said that, it can happen any time. And as soon as it happens, we're going to announce -- but with or without the IPO, we are absolutely clear, and that is why you saw all the other avenues that are laid out. I laid out all the other avenues. It's not that we're going to use all 5 revenues. The idea is that we're not going to bank on 1 avenue, we need to handle our that irrespective of whether that IPO happens or not, and that's why we have all those different avenues out there.

And obviously, the hiring of -- the engagement of a U.S. bank, a reputed U.S. bank is obviously going to be another thing that we will -- once we announce that and you see the name, you're obviously going to get a better angle, better handle on what we are trying to do.

Now I think we know what the timing on the debt is. We know what we are trying to do. So we are quite focused on achieving the right result out of it.

Jeffrey Van Rhee^ Okay. On the underlying fundamentals of the business, I think if you ex out and gift cards, pretty broadly, I think across the board, you beat on the revenue side. I guess what -- what I'd like to understand a little bit better is, I think about Q4, you talked about the health business, having had provides in Q4 and Ash addressed some other things.

Can you just address the situation travel-wise, thus far and expected compared to what you posted in Q3. Are we thinking meaningful sequential dollar growth there? How should we think of that.

Robin Raina^ Look, it's a hard question to answer only because I know that in local currency, we'll have substantial growth. But I don't know what the -- how the dollar behaves over the next 2 months, for example.

So I can't really predict because dollar has strengthened to such a degree. And if it keeps strengthening further, it will be impossible for me at this minute to have a custom ball to predict what the dollar increase or whether it stays at that level increases or so on. I know this much that in local currency terms, we expect the sequential growth to continue. Travel is continuing to do very, very well. We are extremely pleased with where we are with our travel portfolio.

If you look at our corporate travel, for example, we believe we are the right now the leading player in the country. we have gotten ahead of virtually everybody in the corporate travel business from our perspective in terms of it's a who's who of the client base that we continue to sign. Our numbers speak for themselves.

If you look at our B2B travel base. We're a dominant player in the market today, and that will continue to happen in Q4. So I expect continued growth in the travel businesses. And infinitely in the ForEx business is also we are we -- in local currency terms, we expect solid sequential growth in the ForEx businesses.

And we -- there are many reasons for that, which I could walk through if you want. But we feel that we are well positioned in both these areas.

Jeffrey Van Rhee^ Okay. Last question for me as it relates to the IPO process 2 questions. One, in terms of the update on the Street, I know there's a portal that gives big updates on how the process is pending and saying waiting those response.

To be clear, is there anything left for you to response-wise? Kind of what's the value and forth to the extent you can share with SEBI. And then maybe more importantly, when you get that approval, you referenced the 6 to 8 time line. Can you spend just a second talking about what is the marketing and deal roadshow process looks like in India to the extent that it wants a different from the U.S.

Robin Raina^ So I think, Jeff, the first question, the short answer is no. There is nothing pending from us. There is no communication pending. Everything has been done. So that's the short answer.

With respect to our communication. Now the second question with respect to the process. Look, I don't want to go into specific details. Part of it is we have a lot of friends across the world. And I don't want to be providing them easy portal of our plans. I want to keep our plans to close to our chest at the -- simply because our friends sometimes don't want us to succeed for whatever reason and for their own selfish interest or whatever, we would say.

But having said that, it will be a short process. Our bankers are geared up. The analysts are ready with their analyst report. Everybody is geared up to launch an IPO as soon as we have the approval process. It's not a long drawn-out process, as I talked about.

That process can be a 6-week process at most leading to the listing of the IPO or it could be at most a 8-week process from the approval of the DRHP. So that's -- it's not a long run our process. And we are all geared up. All our banks are excited and ready to launch this.