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5-Star Stocks Poised to Pop: Ebix

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Based on the aggregated intelligence of 165,000-plus investors participating in [Motley Fool CAPS](#), the Fool's free investing community, insurance industry software specialist **Ebix** (Nasdaq: [EBIX](#)) has earned a coveted [five-star ranking](#).

With that in mind, let's take a closer look at [Ebix's](#) business and see what CAPS investors are saying about the stock right now.

Ebix facts

Headquarters (Founded)	Atlanta (1976)
Market Cap	\$620.6 million
Industry	Application software
Trailing-12-Month Revenue	\$108.6 million
Management	CEO Robin Raina (since 1999) CFO Robert Kerris (since 2007)
Return on Equity (Average, Past 3 Years)	35.8%
Compound Annual Revenue and Net Income Growth (Over Past 3 Years)	49.3% and 84.8%
Cash/Debt	\$23.15 million / \$49.65 million
Competitors	Computer Sciences (NYSE: CSC) InsWeb (Nasdaq: INSW)

ADAM

Sources: Capital IQ (a division of Standard & Poor's) and Motley Fool CAPS.

On CAPS, 98% of the 1,066 members who have rated Ebix believe the stock will outperform the S&P 500 going forward. These bulls include All-Stars [jhaw](#), who is ranked in the top 10% of our community, and the fourth-ranked member in *all* of CAPS, [tenmiles](#).

[Just last month](#), [jhaw](#) nicely summed up the Ebix bull case:

Ebix has a proven history of revenue, earnings and cash flow growth; outstanding growth potential; proven management; high insider stock ownership; a business with a wide moat; and a global presence. The business is highly profitable, but insurance exchanges and software are not very exciting ... so the valuation is still relatively low.

It's not every day that you find a genuine top-dog selling at a cheap price, but for many Fools in our community, that's exactly what Ebix currently represents. Ebix's expertise in the back-end insurance software space has allowed it to post consistent returns on equity of roughly 30%, which is *double* the three-year average of its biggest rival Computer Sciences. Meanwhile, Ebix's two other close

competitors, InsWeb and ADAM, struggle to even stay profitable. Despite those fabulous fundamentals, however, Ebix continues to trade a paltry forward P/E of 13.

In May, tenmiles [elaborated](#) on the opportunity:

High margin player in the insurance exchange business -- sports accelerating growth and profit path over last five years. ... Recent new client list a "who's who" of prominent financial institutions including **Sun Life, Met Life, John Hancock** and **Fidelity**. Always execution risks with these small caps, but believe this one stands a very good chance of being a market beater over the next 3-5 years -- wouldn't be surprised if one of the bigger financial sharks approaches this one within that time frame.

What do you think about Ebix, or any other stock for that matter? If you want to retire rich, you need to put together the best portfolio you can. Owning exceptional stocks is a surefire way to secure your financial future, and on Motley Fool CAPS, thousands of investors are working every day to find them. CAPS is 100% free, so [get started!](#)

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