

Seeking Alpha α

2 Tech Stocks To Buy On Any Pullback

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The next few weeks should be volatile, as Europe tries to contain its crisis. Given the run up in the markets over the last five weeks, I expect the market to give back a good portion of those gains. Given this outlook, I have a list of stocks I want to pick up on any selloff. Two small cap tech stocks that consistently beat earnings estimates that are on my list are Netgear and Ebix.

Netgear, Inc. ([NTGR](#)):

"NETGEAR, Inc. engages in the design, development, and marketing of networking products. The company offers networking, storage, and security solutions to commercial businesses; home networking, storage, and digital media products to home users to connect people to the Internet via communication, computing, and entertainment devices; and whole home networking solutions to broadband service providers for use by their business and home subscribers". (Business Description from [Yahoo Finance](#))

4 reasons NTGR is a good value at \$35 a share:

1. Netgear has a pristine balance sheet with over \$8 in net cash per share on the books.
2. It has beat earnings for five of the last six quarters. The average beat over consensus over the last four quarters has been 15%.
3. It has a forward PE of just 12.5, which is a 40% discount under its five year average.
4. Netgear should benefit from home wireless demand generated by the growth of tablets and other devices. NTGR also has a five year projected PEG of .85.

Ebix, Inc. ([EBIX](#)):

"Ebix, Inc. provides on-demand software and e-commerce solutions to the insurance industry. The company operates data exchanges, which connects multiple entities within the insurance markets and enables the participant to carry and process data from one end to another in the areas of life insurance, annuities, employee health benefits, risk management, workers compensation, and property and casualty (P&C) insurance". (Business description from [Yahoo Finance](#))

4 reasons EBIX is a solid bargain at \$17 a share:

1. EBIX has beat earnings estimates in each of the last six quarters. The average beat over consensus over the last four quarters has been 30%.
2. Ebix, Inc. has a five year projected PEG of .5, which is a 50% discount to its five year average.
3. It trades at 11 times cash flow and insiders bought new shares over the summer.
4. The mean analysts' price target on EBIX is \$28 and it has grown earnings an average of 39% annually over the past five years.

Disclosure: I have no positions in any stocks mentioned, but may initiate a long position in [EBIX](#) over the next 72 hours.