THOMSON REUTERS

EDITED TRANSCRIPT

Q4 2019 Ebix Inc Earnings Call

EVENT DATE/TIME: MARCH 02, 2020 / 4:00PM GMT

CORPORATE PARTICIPANTS

Ash Sawhney *Ebix, Inc. - President -- Insurance Solutions of North America*
Darren S. Joseph *Ebix, Inc. - Corporate VP of Finance & HR*
Robert F. Kerris *Ebix, Inc. - CFO*
Robin Raina *Ebix, Inc. - Chairman, CEO & President*

CONFERENCE CALL PARTICIPANTS

Jeffrey Lee Van Rhee *Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Ebix 2019 Annual Results Conference Call. (Operator Instructions) I would now like to hand the conference to your speaker today, Darren Joseph, Ebix Corporate Vice President. Please go ahead, sir.

Darren S. Joseph ***Ebix, Inc. - Corporate VP of Finance & HR***

Thank you. Welcome, everyone, to Ebix Inc.'s 2019 Annual Results Earnings Conference Call. Joining me to discuss the quarter is Ebix's Chairman, President and CEO, Robin Raina; President, Insurance Services, North America, Ash Sawhney; and Ebix EVP and CFO, Robert Kerris. 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's 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 is 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 2019 full year and Q4 2019 results was issued today morning. The audio of this investor call is also being webcast live on www.ebix.com/webcast. You can look at 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 also on the investor homepage of the Ebix website after 4:00 p.m. Eastern Time today.

Let me now discuss the quarter and the full year. GAAP revenue in Q4 2019 increased 7% from a year ago to $146.2 million. The revenue improvements reflected growth in the company's EbixCash channel. In Q4, EbixCash cash was the largest channel for account -- for Ebix, accounting for 56% of the company's revenues and our insurance exchange channel accounting for 32%.

GAAP revenue for the full year of 2019 increased 17% from a year ago to $580.6 million. On a constant currency basis, Ebix 2019 revenues increased 19% by $92.1 million to $590 million versus $497.8 million in 2018.

Exchanges, including the EbixCash and the remaining insurance exchanges worldwide, continued to be the Ebix's largest channel, accounting for 88% of our Q4 2019 and full year 2019 revenues. The year-over-year revenues increased in Q4 2019, a result of revenue growth from the areas of annuities, health e-commerce, RCS, CME, reinsurance and EbixCash Financial Exchanges, aided by revenue growth generated from the company's various inward remittance, ForEx, payment solutions, logistics, bus exchange, financial technology and travel businesses, offset primarily by declines in the areas of third-party administration exchange EA, e-learning, CRM, health content and the RCS strategic consulting businesses.

Sequentially, our revenues grew in the area of life exchanges, health e-commerce, health content, reinsurance, annuities, life underwriting, EbixCash exchanges in the area of ForEx and remittance, payment solutions, bus exchange and financial technologies, offset by declines in the area of P&C, CRM, health administration, travel, logistics, Western Union remittance and e-learning.

In numerical terms, our year-over-year EbixCash revenues grew 47%, while the insurance revenues declined by 1% primarily because of the strengthening of the U.S. dollar against foreign currencies. Our insurance businesses, outside the U.S., are primarily in Australia, Brazil, U.K., New Zealand, Singapore and Dubai, which were impacted strongly by the currency headwinds, exhibited by the overall revenue of Ebix being higher by $10 million at the end of last year's average currency rate.

In key geographies, U.S. and Brazil revenues were essentially flat sequentially, while India revenues grew sequentially. Australia had a sequential decline of $1.5 million primarily because of exchange rates and the traditional lower seasonal activity in Q4. Our growth in the India market continued in 2019, the India-led ventures, including India-led revenues from bill -- other billed items in Asian countries, showed 47% year-over-year growth in 2019 by growing to $320 million from $217.5 million in the same period in 2018, and 387% growth when comparing the full year 2019 Indian-led revenues of $320 million to 2017 revenues of $65.7 million.

On a statutory, stand-alone, consolidated basis, India-led revenues, including transfer pricing revenues earned by India that gets counted in local Indian books, accounted for approximately $96.9 million in Q4 2019, translating to an annualized run rate of $388 million, with approximately $28.3 million operating income.

We expect this growth to continue and have a number of organic and inorganic initiatives targeted at growing our India revenues continually in a sequential manner.

International revenues in Q4 2019 accounted for 68%, while India-led revenues accounted for 56% of the Ebix revenues in the quarter, exemplifying the tremendous growth we've experienced in our international businesses, primarily due to the EbixCash Financial Exchange business.

As we deploy our insurance exchanges in India through the new BSE-Ebix venture, we expect that our insurance business will start to account for substantial revenue streams in India. During his talk, Robin will discuss a number of initiatives that should contribute to our growth in 2020. I will now turn the call over to Bob.

Robert F. Kerris ***Ebix, Inc. - CFO***

Thank you, Darren, and thanks to all on the call for your interest, and in continued following of Ebix's financial and operating performance. As we close out a successful 2019, we look forward to year of significant top line growth and improved operating profit margins in 2020.

Now I will comment on the fourth quarter and full year 2019 financial results. We continue to grow our core insurance and EbixCash businesses in the quarter, with a combined 19% growth in these exchange operations as compared to Q4 a year earlier in 2018. Our overall revenues in Q4 2019 grew 7% as compared to Q4 '18, while our full year revenues grew 17% on a year-over-year basis.

Q4 2019 GAAP net income increased 154% to $21.7 million as compared to $8.5 million in Q4 of '18. Interest expenses quarter-over-quarter were up approximately $744,000, which is associated with additional funding from our bank credit facilities to provide funding for our strategic business acquisitions within the company's EbixCash division. Also, foreign exchange headwinds of $4 million impacted the comparative net income of Q4 2019 as compared to Q4 2018, since Q4 '19 had an FX loss [of $1.9 million] (added by company after the call), whereas Q4 '18 had an FX gain of $2.1 million.

On the flip side, the comparative net income in Q4 2018 was adversely impacted by the onetime expense impacts recognized on account of the transition tax resulting from the enactment of the TCJA in the United States, the Tax Cuts and Jobs Act.

Full year 2019 GAAP net income increased 4% to $96.7 million compared to [$93.1 million] (corrected by company after the call) in '18. Interest expense in 2019 is up $15.2 million or 56% due to additional funding from our bank credit facilities, again, necessary to provide funding for our strategic business acquisitions within the company's EbixCash division. The onetime litigation settlement, disclosed in Q1

2019, adversely affected our net income in the year '19 by [$21.14 million] (corrected by company after the call).

During 2019, we used significant portions of our cash reserves and cash generated from our operating activities for the following: $110.8 million was used for business acquisitions; $9.2 million was used for dividend payments; $13 million was used to repurchase shares of our common stock; $12.9 million was used for CapEx and software development expenditures; $15.1 million used for principal payments as scheduled on our term loan with region's bank facility; $24 million was used to pay taxes;and $21.1 million was used for their legal settlement mentioned above.

In spite of this, the company still generated cash from operations of $64.7 million, while ending the year with cash, cash equivalents, short-term investments and restricted cash in the aggregate amounting to $113 million. We are pleased with that as it was achieved, while our net debt including -- which includes our working capital facilities, short-term debt, long-term debt, and our revolving line of credit, remained essentially flat as of December 31, 2019, as compared to the year-end '18.

As to key balance sheet metrics, our balance sheet is healthy and our company's financial position is sound, with a current ratio of 1:55. Our working capital position of $129 million and a debt leverage ratio of 3.63. Ebix's weighted diluted shares outstanding decreased to 30.6 million in Q4 '19 compared to 31.4 million in Q4 '18. And as of today, the company expects the diluted share count for Q2 and Q1 of 2020, will be approximately 30.8 million.

Finally, Ebix's Form 10-K annual report will be filed with the SEC later this afternoon. I will now pass the call on to Ash.

Ash Sawhney ***Ebix, Inc. - President -- Insurance Solutions of North America***

Thank you, Bob and Darren. I would like to now summarize the key accomplishments in 2019 in North America, and also share our vision and strategy for 2020 for the region. Let me start by saying 2019 was an important year in establishing a strong foundation for growth in North America. Our focus this past year has been on strengthening our insurance exchanges, enhancing our products, adjusting our pricing and creating a strong leadership team that will take Ebix in North America on a progressive journey. Let me give you specific details on our progress, while discussing some of our key insurance exchanges.

On our AnnuityNet Exchange, where we already have a dominant position, we added 9 new carriers in several distribution partners. This is more than we have done in any year in the recent past. Amongst others, companies like USAA, Centaurus, Liberty Bankers, Brighthouse, RBC Baird and MassMutual signing on to our annuity maintenance platform called AMP in 2019. We continue to drive forward our partnerships with other industry-leading financial services, technology firms, like Envestnet, FedEx, Simon, and look forward to going live on integrated services platforms with these exciting partners in 2020.

We are currently in discussions with some very large distributors that can significantly enhance our exchange in 2020. More to come on that.

With the addition of each carrier and distributor, we realize multiple revenue streams, including license, professional services, maintenance and transactional fees. In Q4 2019, we announced the much awaited release of our analytics tool on the Winflex Life illustration exchange. Based on the share volume of data that we process through our Winflex platform, which, by the way, exceeds 18 million illustrations a year, we are now able to assist our carriers and distributors in analyzing the performance of their products and to benchmark them against industry peers. We are also presently, actively involved in creating -- in the creation of an illustration exchange in Canada, similar to the successful illustration exchange we established in the U.S.

We saw steady increase in our underwriting exchange revenues starting in Q2 of 2019. We are engaged in enterprise deals that converge several of our platforms, such as order entry, illustration, coating and underwriting. Converging multiple platforms and getting large financial institutions to adopt them has a strong networking effect as each institution brings its own network of carriers and agents with itself. We are seeing steady business from existing clients and also added new customers like Navy Mutual in January.

Our pipeline on underwriting is strong, and we expect accelerated growth in the second half of 2020. We are pleased with the progress of our health exchange. We onboarded the largest ASP customer on the health exchange and an end-to-end deployment from enrollment to policy administration and claims. This gives us great reference-ability, and allows us to expand our presence in the voluntary market. We are engaged with industry subject matter experts and third-party analysts who are assisting us in positioning us in these new markets.

In our risk compliance services group, we added 49 new customers, including names like Domino's Pizza, Minneapolis Airport, Johnny Rockets and CSAC, just to name a few. We are a dominant player in this market, servicing hundreds of customers, including over 80 Fortune 500 companies. We upgraded our product in 2019, consolidated our operations and added to the sales team. With all these initiatives, and our already strong presence in the market, we are excited about the prospects for growth.

In our A.D.A.M. Medical certification business, we are instituting several measures to strengthen our position in the market. We are focusing more on digital sales, repositioning our products in new markets and instituting an outbound sales program in addition to our traditional direct marketing program. We are optimistic about the growth of this business in 2020, which has industry-leading products and an amazing brand equity in the market through partnerships with Harvard Medical School, John Hopkins, Cleveland Clinic, Brigham and Women's Hospital, just to name a few.

We are seeing a big trend towards wellness offerings in the financial services sector. Therefore, in 2019, we repositioned our wellness assets to tightly align with our insurance offerings. We are also expanding our partnerships with large brokerage houses like AON, CBIZ and several other industry participants.

In our services and administration business, we have taken an approach to reset our focus and offerings in the market. Our goal is to play in specific segments of the market that give us higher margins and a sustained competitive advantage. We are working on getting out of certain market segments, while preparing for expansion and others.

The service segments, where we wish to expand, include strategy services, program management, platform outsourcing, training and automated testing. In 2019, we took measures to stabilize and streamline our delivery capabilities in the administration business. We also intend to expand in this area through strategic acquisitions and providing platform-based outsourcing in the insurance segments to spur organic growth.

In 2019, we continued to strengthen the management team. In addition to previously announced additions, we recently hired Jeff Hasty, as Head of Insurance Marketing and Strategic Business Development. Jeff has a recognized name in the industry, with over 30 of years experience, including most recently as Senior Vice President at LIMRA and LOMA, a renowned industry consortium. We also recently added an industry veteran, Alan Bett, to our enterprise and exchange sales team. Alan is an industry veteran who has experience of working both in the insurance and fintech industry.

Finally, and importantly, we announced also in 2019, GeniEbix, our initiative in AI and machine learning. This initiative is gaining momentum as we apply these tools to our existing platforms. Gagan Sethi, our CTO, is leading the initiative and closely working with our industry exchanges to make them AI-enabled. These initiatives will provide us incremental revenues going forward.

I would now like to spend a few minutes discussing our strategy and vision in 2020. In our core life, annuity and health exchanges, we are riding a tailwind. Our goal is to continue to build on the foundation we laid in 2019. We believe our upgraded products, new participants on the exchange and new partnerships has positioned us well for growth.

A big focus for us in 2020 will be in the area of direct-to-consumer insurance sales. This has the most -- as one of the hottest trends in Insurtech, and we are pleased that we have been investing in this area over the past several years and have an edge over the competition. We have been enhancing our tools to harness the opportunity, and have successfully partnered with firms in implementing industry leading solutions. These companies include MetLife, John Hancock, CUNA Mutual cooperators, Navy Mutual, et cetera. Our offerings will manifest as both exchanges, which we are extremely adapt at running, and also as enterprise solutions for insurance and brokerage clients.

We continue to explore acquisitions in areas that are synergistic to our products and offerings that can enhance our footprint in the market. Synergistic acquisitions that will enhance our services and administration businesses are of specific interest. As always, these acquisitions will follow a tight and deliberate strategy for accretive growth. AI enablement of all our core platforms will be an ongoing effort in 2020.

We will partner with our clients in specific areas that give meaningful benefits and provide replicable, applicability of our offerings and a sustained revenue stream. We will also find avenues to bring to North America so the assets we have acquired in Southeast Asia. These include solutions in wealth management and lending. We are continuing to pursue deals, while leveraging these platforms and partnering with clients that have a multinational footprint and foster the same drive for innovation as we do here at Ebix.

We find ourselves in the midst of a market where there is significant interest in companies that are focused on InsurTech in North America. Companies that are at the forefront of digitizing a traditionally stayed, manually intensive industry fraught with inefficiencies. Ebix is uniquely positioned as a major player that is enabling automation in the industry. We have industry-leading products across all our major market segments, including life, health, annuities, medical, risk compliance and wellness. Our customer base and network includes hundreds of carriers, top banks, top brokerage and wirehouses, thousands of distributors, top brand name medical institutions and thousands of employer groups, including many of the top Fortune 500 companies, all this providing Ebix a fantastic opportunity to make an impact in 2020 and beyond.

We are excited about the opportunities ahead of us. With that, I will now pass the call on to Robin.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Good morning. Darren, Bob and Ash have given you a good insight into the company's performance in 2019. I will concentrate my talk on the times ahead of us, while discussing the revenue growth, margin improvement and the EbixCash IPO. I started the year 2019 by targeting $600 million in annualized revenues by Q4 of 2019. I subsequently upgraded my target substantially keeping in view three key acquisitions that we were targeting to close over the next few months. Because of regulatory and legal delays, all three acquisitions were delayed into 2020. Also, the implementation of two large possible ventures was delayed into 2020 - again on account of local regulatory delays, namely the UAE airport and the BSE-Ebix insurance exchange.

In spite of that, we still got very close to the $600 million revenue mark in 2019, with 2019 GAAP revenues of $580.6M. I am pleased with that. With the already announced prospective Yatra and Trimax acquisitions ahead of us, combined with our focus on organic revenue growth, we believe that revenue in the $700M to $750M range, in terms of annualized revenue by Q4 of 2020, seems clearly achievable.

Let me first talk about our focus on revenue growth. I will only talk about key initiatives that should contribute to substantial revenues (inaudible) and are high margin deals.

In the U.S., we agreed on what we consider a game changer deal in the United States' life insurance exchange arena. One of the largest institution in the U.S. that we are not allowed to name at present. To move on to our exchange while deploying many of our key enterprise exchange offerings. That should have a network effect in terms of bringing partners, carriers and agents to our platform. We will disclose the name and the details as soon as we have approval from the client to do so.

As Ash explained, we are pursuing a new D2C exchnage opportunity in the U.S. that can open up a substantial revenue base for us. Besides, we are also pursuing a number of strategic insurance targets in the U.S. that will help further complement our insurance offerings. And then I -- when I say insurance targets, I mean in terms of acquisitions. In the field of insurance distribution, our BSE-Ebix venture is now live and we are writing real policies within minutes in India. We will be announcing the details soon. Over the last 6 to 8 months, we had been building up a franchisee channel for EbixCash in terms of assimilating all our services together. That franchisee channel with branded EbixCash stores is going live -- will be live now in a matter of days, with 75 new branded stores in India and abroad. That should nicely contribute to margins in 2020. We are presently targeting new organic business contracts worth at least $50 million in the area of bus exchanges in 2020. We are the front-runner on most of the bus exchange deals, and thus, have a high-margin opportunity in this area.

Recently, we announced inking a contract with MoneyGram, whereby MoneyGram decided to go exclusive with us in India. That's a $20 million to $25 million revenue opportunity for us. We are pursuing 2 key acquisitions, Yatra and Trimax, at present. Between the two, the revenue opportunity is approximately $130 million. Yatra board has already approved the sale through a formal SPA as announced earlier.

We have already filed the S4 with SEC, and after that, it will go for the shareholder vote. Trimax sale to Ebix has already been approved by their banks and lenders through a formal notification to us. We presently await approval by the relevant NCLT courts and expect that approval in the next few weeks.

In the area of foreign exchange, we are pursuing a number of large airport ForEx opportunities in the U.S., U.K. and the Far East, besides waiting for a formal ForEx licensing approval from the UAE Central Bank to launch the UAE Airport ForEx implementation. Each one of these are large-value deals with great margins.

We, today, have a large expense worldwide and thus, are pursuing a lot of different deals across the world at any time. I just focused on taking you through a few of the substantial deals that get me excited.

Over the last few months, we have taken a strong effort in the area of margin improvement. We will have to balance those efforts with our need to market and to put our brand out in front of relevant people, especially keeping our EbixCash IPO in mind. Our margins in the insurance businesses, and the EbixCash businesses for the most part, continue to be strong. Insurance is our traditional stronghold, and over the last 2 decades we have worked hard to grow our margins to where they are today. As our volumes grew and crossed the threshold levels, every new dollar of revenue increased our margins as it was accompanied with a much lower cost. This is an evolutionary journey in the cycle of margin improvement that every exchange has to go through. Our EbixCash financial technology businesses generate very high margins already. Our remittance business margins are equally strong and they will further get enhanced by the new MoneyGram deal as our incremental cost is low on the deal.

Our international travel businesses have satisfactory high margins. Our forex business is expected to give us 30%-plus margins in 2020. In recent times, we proactively took steps to renegotiate some contracts like the Goa Airport, Trivandrum airport, Cochin airport and Mangalore airport to secure our margins. We also synergized our forex operations substantially in recent times, that is likely to bring significant margin improvement in 2020. Our India travel businesses, except for MICE travel, generate margins close to 25% while MICE travel business margins are in low single digits primarily because revenue there gets recognized at the GMV level.

Our payment solutions area is growing fast but has margins in single digits. We are working to see what we can do there to improve margins, either to only focus on selling higher margin services or to change the way we look at revenue in this business area.

I believe that by the end of 2020, EbixCash cumulatively will achieve the same margins that our insurance exchanges achieved after being in business for 10-plus years.

We expect our legal costs to come down considerably in 2020, as we have a relatively clean slate at present ahead of us in terms of legal or regulatory issues. Of course, any margin improvement efforts have to delink themselves from our efforts at marketing our brand and then our IPO. Overall, I feel good about our margin improvement efforts, and I'm highly committed to improving our margins substantially.

Before I talk about the prospective EbixCash IPO, let me briefly talk about our cash generation efforts in 2019. 2019 cash generation was strong. We had a number of large operating payments like the $24 million tax payment and the $21.1 million legal settlement payment. On top of it, we paid $110.8 million for acquisitions, $13 million for share buybacks, $9.2 million for dividend payments, $12.9 million for CapEx and software development and $15.1 million for principal payments towards the term loan. This adds to approximately $208 million in overall payments. Add to that, our payments to fund our EbixCash GMV growth, while trying to reduce our use of bank lines by paying them down continually. Add further to it, our expenses on the EbixCash IPO the -- and the EbixCash marketing efforts to become a household name, et cetera. We are pleased with the fact that all this was achieved without increasing our net debt in 2019 versus 2018. Our net debt remains essentially flat year-over-year.

Let me lastly talk about the EbixCash IPO and its status at present. Let's first start by discussing. Firstly, why should EbixCash IPO generate excitement in the market? Let me talk about why it seems like an attractive investment as per our bankers? EbixCash is the first consumer-focused digital conglomerate of India, with a highly integrated platform, with strong upsell and cross-sell capabilities across multiple areas. EbixCash has a consumer reach next to none in the industry at almost no marketing cost. EbixCash franchisee channel is 5x larger today than the largest banks network in India. EbixCash has a proven M&A track record. EbixCash is the only player in the industry with no cash burn and clocking high margins in our segment. In our segment, 3 of our competitors collectively lost $1 billion last year. EbixCash is seen as a disruptive force in the industry that is pioneering the concept of creation of an airport across various functions in the industry.

EbixCash is a visionary -- have gotten itself into visionary strategic partnerships with names like Bombay Stock Exchange, MoneyGram, Western Union, Amadeus, Visa, MasterCard, Paytm, Ria, et cetera. We have a strong technology focus. EbixCash has a strong B2B revenue base that makes majority of the revenue recurring. It's the only player from India who has successfully deployed Indian IP abroad in multiple countries in our industry segment.

It has emerged as a leader in most market segments already today. It already conducts $18 billion of gross merchandise value. It today has a unique combination of strong physical footprint and a digital platform that offers last mile reach, while leveraging the network across industries. It has a client base, which is strongly blue-chip, serving 2,000-plus corporates and brands just in the area of payment solutions, 10,000-plus clients in travel. And our financial technology footprint is already across 40 countries in the area of travel technology, lending technology, wealth and asset management technology, auto finance, telecom, brokerage and stock exchange, et cetera, in terms of lending and wealth management. We have a strong management strength with 6 executive team members who have been doyens in their respective fields. So how has EbixCash financial performance been? So let me take you through some numbers.

The year-over-year growth in 2019 for EbixCash clocked at 47%. The 2019 growth, as compared to 2017, 387%. If you consider the statutory revenues that EbixCash reports in the local markets, that's going to be important simply because when we go for an IPO, EbixCash statutory revenue is what is going to be counted from an investor perspective in India. EbixCash statutory revenue in 2019 is approximately $376.2 million. This includes the transfer pricing revenue for services provided by India to other Ebix companies.

The present statutory operating margin is approximately 28.3%. The present annual revenue run rate, approximately $388 million, if I annualize the present quarter, the Q4 of 2019. The targeted revenue run rate by the time IPO is launched, we are targeting $135 million a quarter or annualized revenue run rate of $540 million a year.

Yatra, Trimax, Moneygram and a few large organic initiatives, like the bus exchange deals, should give us the $150 million bridge that we are striving for between our present EbixCash numbers and the $540 million targeted number.

Targeted operating margin by the time IPO is launched, we would like to be at 30% in terms of EBITDA, when we launch our IPO. So where are we with the IPO at present? We presently have 3 of India's top banks as our investment bankers, ICICI, Axis Bank and Edelweiss. We have already hired a renounced Big 4 firm as an industry analyst for the creation of the IPO prospectus to be filed with the Securities and Exchange Board of India. We have appointed 3 legal firms to handle the IPO, 2 domestic and 1 international legal firm. We have already appointed a statutory audit firm to handle the 3-year Ebix cash audit to be filed with our filing document for the IPO with SEBI, the Securities and Exchange Board of India.

So what's next with IPO? We are presently getting ready to announce the fourth international banker to be -- to add to our IPO investment banking team. It will be done soon, and we will be declaring the name soon. We are contemplating, adding a joint big name auditor to the EbixCash audit from a statutory perspective, simply to bring more credibility and more support to our IPO from a marketing perspective in the international markets.

Once the audit is complete, we will file the DHRP document with SEBI. Timing of the IPO? The timing at present will depend on the regulatory process involved and the time taken by SEBI to approve the DHRP, but we continue to target a time line of somewhere around August for the IPO.

With that, I'll close the call and open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from Jeff Van Rhee with Craig-Hallum.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

A couple for me. The -- maybe starting with the core legacy business. I think, previously, you were talking about 8% to 10% growth. It sounds like, I think, Ash, you went through a bunch of the growth initiatives in some of the recent signings. I think you commented that the acceleration happens in the second half. Just to be clear, is that 8% to 10% for that business still your way of thinking it? Or is it more back-end loaded than you thought?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Ash, we are still -- sorry, Jeff, we are still targeting 8% to 10% growth. I think we -- you have to also keep in mind that a lot of our insurance businesses are based in international markets. And what is happening is that we also obviously had to take the hits from the effect of foreign exchange. If you see our constant currency revenue, you see a big difference between our revenues that we reported and the constant currency revenue simply because a lot of those belong to insurance businesses that we run in various parts of the world. So that's one factor. The second factor is, we did take some very heavy hits in areas like the health administration exchange and the areas of RCS. Now those hits have reduced considerably, and so we feel we're kind of bottoming out in those areas. And with all these new deals that Ash talked about, and some of that I referenced, the large player that I referenced, everything is a function of time, as, for example, the particular player that I talked about, the large financial institution that I can't name at present, it's a household name in the U.S., and once they come in, they will -- we are -- what we believe will happen is, as they deploy many of our products across multiple platforms, it will bring the network of partners, brokers and carriers to our platform and generate newer fees in many, many areas and that, by itself, becomes -- will fuel further growth. So we are still standing by. We believe that 8% to 10% growth is still possible in the insurance business.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. And then along those lines, I think -- and again, you may want to post the transcript because a lot of what you're saying broke up. I missed big pieces. But I think, sequentially, you commented on declines in P&C. I think Darren did, P&C, CRM, health admin, travel, Logistics, Western Union, e-learning. Without going through all of those, what were the top 2 in terms of dollar headwinds?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, frankly, some of those were very -- these are not big declines, but they were declines. The biggest one was in Australia. But that's a fairly traditional decline we get in Q4 in Australia, mainly because of professional services because the holidays tend to be a little bit prolonged in December and January. So they go on for a bit longer in Australia. But then Australia bounces back always in Q1. You can traditionally see that. So that was one area of our decline in the international markets. It was mainly Australia. CRM and all were very, very close. There was not a big drop. The main drop was in the area of health administration exchange that we saw. And there were a few other drops in areas of consulting -- in traditional Ebix Consulting business.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

And as it relates to the health business, I think, you typically get a seasonal pop in Q4. How is the seasonal strength this quarter versus prior years?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

The health CME business was -- had a traditional pop again this quarter. It was fairly strong. But again, like Ash referenced, that we're trying to make sure that as we deploy some of our newer efforts in terms of outbound sales. We traditionally sell CME only through direct marketing. And once we get back into, we also -- we believe that as we create more different marketing programs, we can have a more consistent run through the year. But we are -- presently, we did have a bit of a pop in the fourth quarter. But then again, it also got offset by a bit of a decline that traditionally happens in many of our businesses, where we -- professional services is important. Even in many of our areas, in the month of December, we just don't clock as many hours because our employees go on leave and that, by itself, leads to a lot lower professional services fees and so that kind of got offset.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Two numbers questions. I think as it relates to both the nonrecurring items in the quarter, $3.5 million. Can you clarify what's in there? And then also the quarterly cash from operations?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

I think the -- in the quarter, the $3.5 million is mainly associated with -- you have to go through the whole year. You have to virtually comb the whole year in terms of -- these are acquisition-related receivables, where, if you haven't collected a particular receivable by a so and so date, you need to kind of take a P&L hit and stuff like that. So the -- those -- these are all onetimers that we have taken off. These are not items that have anything to do with the -- for example, with the next quarter's business. So those are kind of items that have been taken out. And your next -- other question was, sorry, you talked about cash?

I think you talked about cash...

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Cash from operations in the quarter, yes.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Operating cash, right. So I think, I talked about the operating cash on an annual basis. I hope I came out loud and clear on that one, that we basically spent in excess of $200-something million that I think I talked about, and we still clocked $64.7 million in operating cash. And -- so we think we did very well on -- in terms of cash generation in the whole year. In the last quarter of 2019, we just had a lot of different payments that we made with respect to, I think, maybe Bob, you can -- do you have a number in front of you in terms of -- we made some tax payments this quarter. We also had a lot of GMV funding that we did in the quarter, where we will get results in the longer term. It is things like logistics technology, where we are continuing to fund our -- fund those kind of businesses. We also went into the franchisee channel that I talked about, the 75 new franchises that we are building. So there is a lot that goes in. And we -- basically, in Q4, we had some of these GMV-related issues in addition to, basically, the -- some of the onetime payments that we had to make, one of them -- one of the large ones was taxes. We also paid our banks down in our -- we had a overdraft facility for weakened cash that we used to take in India, and we took that down. So you will see that our interest rates are quite down as compared to the last quarter. Last quarter, our interest was, I think, around $1.7 million. This quarter, it is like $1 million or $1.1 million, and you will see why did that happen. Because we paid back our banks and took our debt -- our lines down. So that to us sounded more prudent, and so that's what you're seeing. But that was cash that would have flown through the operating line.

Robert F. Kerris ***Ebix, Inc. - CFO***

Yes, this is Bob. I can just give you a little more color on our cash uses in this fourth quarter specifically. We had -- $8 million was used to pay down our working capital facility in India, as Robin has alluded to. We added -- about $2.5 million was used for our dividend payment, about $5 million was used for CapEx and software development, another $4 million was used towards our scheduled term loan payment and we had about $9.5 million used to pay taxes, a big portion of that being the minimum alternative tax in India.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

So Jeff, when you add to that, our GMV stuff that I just talked through, we have so many new initiatives. And we are trying to fund those from within, while paying our bank's lines down, right? For example, Bob talked about paying the banks $8 million down, and we're balancing all of those. And so that's what -- why this happened.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. And then, I guess, two questions around growth in India. On the sequential basis, it looks like EbixCash exchanges was down about 1%, 1.5%. Just talk about the sequentials there? And then along with those -- obviously, you gave some clarity and much appreciated on what you think that looks like in 2020. So maybe just let me start there, I don't want to overcomplicate the question. Q4, in terms of EbixCash Exchange, is being down modestly sequentially and relative to expectations. Just talk about the revenue performance in Q4.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, I wouldn't really pay too much attention to that because they virtually -- it was essentially flat. And you have to remember, this is October, November, December, and it is, traditionally, in any of these businesses that we are engaged in, you're going to have October, November, December are traditionally a little bit down in the financial areas of the business. The only business that -- in EbixCash that would traditionally do better in the month of December would have been travel. But unfortunately travel has been under a bit of pressure, as you know, worldwide for various reasons, even beyond Corona virus. Travel business has been under pressure. When the economy isn't doing as well, people don't travel as much. India's growth rate reduced a bit to 4.5% from 7.5% this year. And what that resulted in is, you're now seeing, in Q4, there were lesser people traveling than what was typically happening. Because typically, in December, you would normally see a lot more people travel. So having said that, I wouldn't read much into it because it's -- there's a little bit of seasonality in Q4 that comes in.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

As it relates to then the Indian IPO when you get to the IPO window, I think, you gave the revenue run and expected margins. How do you think about organic growth at that point in time?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, Indian IPO, we have been always targeting a growth rate of between 25% to 30% from an EbixCash cash perspective. And we do believe that's feasible from the deals I talked through, for example, I don't know whether I came out loud and clear on some of those deals that I mentioned, for example, when I was speaking, I spoke about deals in the bus exchange arena that, we believe, we are targeting around $50 million of new revenue just in the bus exchange arena from new states where we are the front-runner and are at very advanced stages of the deal. So these are the kind of opportunities that we are in the mix up. You add up the franchisee channel, brand-new opportunity for us, and we've already created 75 franchises. BSE-Ebix, where we just went live, is a brand-new opportunity; Moneygram that we just brought in, is a $20 million to $25 million brand-new opportunity and so on. I could go on. So we do believe that it's very favorable for us to clock 25% to 30% kind of organic growth rates.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. Last one for me then. I think as it relates to corona, obviously, meaningful portion of your business sitting in travel, some domestic, some more exposed internationally. I think you put a release out the other day coming to a 1% revenue headwind. I know things are evolving very quickly. Just talk about the latest thinking on what the revenue headwind is likely to be from those effects?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

So look, Jeff, as you rightly said, things are evolving very quickly. So it is very -- when we estimated the 1%, we based it on -- we basically did an analysis of what is presently happening. And what is presently happening in our business, fortunately, for us, most of our business is not coming through international air ticketing. That's not our business. We don't do as much of international air ticketing. A lot of our business comes from domestic travel. So where we don't have a coronavirus issue, so the part of the business that gets affected is, take an example, of MICE travel. MICE travel is events travel. So if we are doing an event in India, now that doesn't get impacted. But if we were to do an event, let's say, in Singapore, that definitely gets impacted, and we have had a few cancellations in those areas. So we took those into account, but as I explained in my call, I also talked about the -- the places where we have high-margin in travel and low-margin in travel. So when I, for example, talked about MICE travel, I talked about the fact that our margins are in single digits today, simply because we report revenue at the GMV level. So it won't have as much of an impact and that too, even if it had an impact, it would have only had an impact for an international event that we were going to handle from a MICE travel perspective. So good or bad news is that -- good news for us is that we don't handle as much of international ticketing. Majority of our airline is domestic ticketing. Majority of our hotels are within India and so on. So the business of travel, where we will get impacted presently is -- now is -- and I'm talking about Ebix before Yatra. So I can't speak about Yatra right now because Yatra has a -- is -- has a lot more international -- I believe, a lot more international business. But again, I can't tell you whether it affects them at all because I have -- don't know the details right now about

Yatra. But I know about, from an Ebix cash perspective, majority of our business in travel is domestic. And domestic travel, there's -- it is not -- nobody is stopping travel within India today. And that, for us, is the single biggest insurance policy in terms of coronavirus today that our business isn't as international in terms of travel.

Operator

(Operator Instructions) I am not showing any further questions at this time. I would now like to turn the call back over to Robin Raina for any further remarks.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

I think we're -- since we have -- don't -- no further questions, I'll close the call. But I will say that I think part of my talk probably broke down from what I hear, and we will post the transcript of this call immediately on the web so that people can download and read it. I apologize for any difficulties that you encountered and the line not coming clearly, at the same time, we'll post the transcript immediately. Thanks for your time, and look forward to speaking to you again at the end of the first quarter. Thank you. And with that, I close the call.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.