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# EDITED TRANSCRIPT

Q4 2021 Ebix Inc Earnings Call

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## PRESENTATION

### Operator

Good day, and thank you for standing by. Welcome to Ebix 2021 Financial Results Investor Call. (Operator Instructions) I would now like to hand the conference over to your speaker, Darren Joseph, Corporate Vice President of Ebix. Please go ahead.

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

Thank you. Welcome, everyone, to Ebix, Inc.'s 2021 Annual Results Earnings Conference Call. Joining me to discuss the quarter is Ebix Chairman, President and CEO, Robin Raina; President, Insurance Services, North America, Ash Sawhney; and Ebix' EVP and CFO, Steve Hamil.

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 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 2021 full year and Q4 2021 results was issued this morning. The audio of this investor call is also being webcast live on the web at [www.ebix.com/webcast](http://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](http://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 discuss the quarter and the full year. Q4 2021 revenue increased 39% sequentially as compared to Q3 2021. Q4 2021 revenue increased 20% year-over-year to \$266.8 million versus Q4 2020. The year-over-year growth is primarily due to continued strength in the EbixCash Payment Solutions business. However, in Q4 2021, there was year-over-year growth in some key businesses that have been most negatively impacted by the COVID-19 pandemic, including foreign exchange, travel and e-learning businesses. Additionally, EbixCash BPO and IT outsourcing services areas both experienced year-over-year growth in Q4 2021.

On a constant currency basis, Q4 2021 revenues increased 22% to \$270.1 million versus \$222.1 million in 2020. GAAP revenue for the full year of 2021 increased 59% to \$994.9 million as compared to fiscal year 2020. On a constant currency basis, Ebix 2021 revenues increased 50% by \$365.8 million to \$991.4 million versus \$625.6 million in 2020. The increase is primarily due to growth in the EbixCash Payment Solutions business as well as year-over-year growth in the company's core life and annuity exchange platforms, BPO and IT outsourced services originating in India, foreign exchange business and growth in revenues in 4 of the company's 7 key geographies.

The company continued to experience negative impact from COVID-19 global pandemic with particular impact on our travel, remittance, e-learning, financial technologies and global consulting revenues.

Exchanges, including EbixCash and the insurance exchanges worldwide, continue to be Ebix's largest channel, accounting for 93% of our fiscal year 2020 revenues. Our year-over-year EbixCash revenues grew 94%, RCS revenues grew 16%, while the insurance exchange revenues declined by 2%. The insurance exchange decline was primarily due to the adverse effect of COVID-19 for 12 months in 2021 versus 10 months in 2020.

Our revenues grew in 4 of the 7 key geographies of our business in 2021 versus 2020. India revenues grew by 99%; Australia had an increase of 12%; Europe, an increase of 25%; New Zealand, an increase of 11%; while Singapore had a decline of 2%. North America revenues had a decline of 6% and Brazil had a decline of 13%, primarily because of the adverse effects of COVID-19 for the 12-month period in 2020 -- 2021 versus 10 months in 2020.

Our revenues grew sequentially in most of the geographies of our business. North America revenues had a sequential increase of 7%; India revenues grew sequentially by 52%; Australia had a sequential increase of 25%; Brazil, a sequential increase of 22%; Singapore had a sequential increase of 22%; Indonesia had a sequential increase of 133%; the Philippines, a sequential increase of 42%; and New Zealand had a sequential increase of 4%. The only geography that had a decline sequentially was the UAE with a sequential decline of 67% due to this we have an outsized revenue performance in Q3 2021 versus the other quarters of 2021.

Despite the devastating effects of COVID-19 on our travel, ForEx, e-Learning and other businesses, our EbixCash grew -- growth continued in 2021. EbixCash grew 94% in 2021 as compared to 2020, while they grew 134% as compared to 2019. International revenues in Q4 2021 accounted for 85% of the total revenues for Ebix, exemplifying the tremendous growth we have experienced in our international businesses, primarily due to the EbixCash Financial Exchange business.

I will now turn the call over to Steve.

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**Steven M. Hamil *Ebix, Inc. - Executive VP & Global CFO***

Thanks, Darren. 2021 was a year that the world would like to forget and move on from. Ebix's 2021 required the company to many challenges attributable to the COVID-19 global pandemic.

I want to first thank our employees for their incredible dedication to the company during the year. Our team worked to complete 4 different audits of the company and the EbixCash business. And soon, we will successfully complete a comprehensive IPO document for the anticipated public equity offering of our EbixCash business on the Indian Stock Exchanges, BSE and NSE. These were all completed while our families experienced firsthand the ravages of COVID-19.

To say that we are proud of our Ebix employees would be an understatement, but I want to offer my sincerest gratitude for all that our employee base has accomplished this past year under stressful conditions. In spite of the impact of COVID-19 on our consulting, travel, remittance, e-learning and financial technologies businesses in 2021, we are pleased to report that we saw continued rebounding of some of these businesses in Q4 '21.

Year-over-year, our EbixCash travel and foreign exchange revenues more than doubled in Q4 '21, and we saw sequential growth in our financial technologies and e-learning businesses in India. Even with the tremendous negative pressure we felt from COVID-19 within many of our EbixCash operations, our 2021 revenues from EbixCash basically doubled due to strong growth in our Payment Solutions business as well as growth in our foreign exchange, BPO and IT services business lines. The negative impacts of the tight labor market in India are beginning to subside as we have executed major hiring plans and continue to train and deploy IT-specific resources for our client base.

COVID-19 challenged this company in many ways, and we are still challenged. EbixCash revenues in COVID-19 affected areas, like travel and foreign exchange, remittance, consulting, e-learning, continue to be materially lower than pre-pandemic levels. We see this reality as an opportunity for Ebix and our stakeholders because as the world returns to normal in 2022 and 2023, we have built in market

leadership in these areas, which should return material revenues to Ebix as the world bounces back.

Our company has armed with solid and predictable revenues from our insurance exchange and RCS businesses globally that generate substantial cash flow for us as well as a collection of solutions and services in our EbixCash operations that are market leaders and will benefit from the long-term growth prospects in India and Southeast Asia.

I'll now discuss some financial metrics for the fourth quarter and year. Our gross margin in Q4 2021 was 30%, a decrease sequentially from 37% in the third quarter of '21 and year-over-year from 32% in Q4 2020. Our gross margins continue to be diluted by low-margin prepaid gift card revenues in India. Excluding the Payment Solutions business in India, the company's gross margins for Q4 '21 and fiscal year '21 were 77% and 78%, respectively, that's flat sequentially from Q3 '21 and an increase from 76% in fiscal year 2020.

GAAP operating income for Q4 '21 was \$32.4 million. That's an increase 15% sequentially from \$28.1 million in Q3 '21 and an increase of 17% year-over-year from \$27.7 million in Q4 2020. Non-GAAP operating income for Q4 '21 was \$37.5 million. For fiscal 2021, GAAP operating income declined 5% to \$119 million from \$125.8 million in 2020. Non-GAAP operating income for 2021 was \$139.7 million.

In addition to the continuing effects of COVID-19 on our business, Ebix had year-over-year product development personnel cost increases of approximately \$4.7 million in 2021 and G&A cost increases of over \$13 million in 2021, mostly related to increased personnel costs and legal and other professional expenses, offset in part by lower rent expense and bad debt expense year-over-year.

Our operating margin was 12.2% in Q4 2021, a decline sequentially from 14.7% in Q3 '21. For fiscal year '21, our operating margin was 12%, a decline of 800 basis points from 20.1% for fiscal year 2020. The growth in low-margin Payment Solutions revenues had the largest impact on the year-over-year comparison of operating margins. Excluding the Payment Solutions business in India, we generated 31.1% and 32.1% operating margins in the fourth quarter and fiscal year 2021, both in line with our goal of greater than 30% operating margins for our suite of solutions and services outside of the Payment Solutions business.

During fiscal year 2021, we had the following major cash uses: \$42.6 million was used to reduce the principal on our corporate term loan, \$30.4 million was used for cash interest paid. We paid \$17.7 million for income-related taxes globally. \$11 million was used to reduce our working capital facilities in India. We had \$9.3 million of dividend payments and a combined \$13.2 million expended on CapEx and software development costs.

We funded these initiatives from existing cash plus operating cash flows generated during the year. We ended 2021 with a solid liquidity position. Our cash, cash equivalents, short-term investments and restricted cash was \$125.2 million versus \$138.6 million at 12/30/2020. Our balance sheet remains healthy with a current ratio of 1.79x at 12/31/'21, and our working capital position is \$161.4 million at year-end.

At 12/31/'21, our total debt is \$52.5 million lower than at year-end 2020. As the IPO process moves forward for EbixCash with the milestone DRHP filing soon, Ebix has the potential to create value for our shareholders by using proceeds from the IPO to materially reduce our outstanding debt load and to fund future growth of our EbixCash businesses.

2021 was a difficult year for us all. But we believe that we have the kind of company both our people and our solutions and services that will thrive as we move into the future. We are a global company with diverse revenue streams, a client list that is unmatched in the industries we serve and a future that is filled with promise. We thank all the employees that have helped us build this company and the shareholders that have supported us in the past and today.

Finally, Ebix's Form 10-K 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 fourth quarter and fiscal '21 operations.

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

Thank you, Steve and Darren, I will now talk about the North American results and outlook. The Q4 North American revenue was up a healthy 7% sequentially. This was the third consecutive quarter gain for the North American business, driven by strong gains in the medical certification business, life, health and P&C exchanges as well as the core consulting business.

I will now summarize the performance of the key business units in Q4 as well as their full year performance. The medical certification business was up 64% compared to Q3 of 2021. This spike was expected as Q4 cyclically is the best quarter for this business. This growth would have been even higher by approximately \$700,000, but for the fact that we had to defer the revenue to Q1 2022, due to COVID-19 delayed timing of a product shipment. While the product was ready to be shipped in December 2021, we have to hold back shipment as our partner's companion product was delayed due to COVID factors.

The 2021 performance is remarkable also given that the Internal Board of Medicine extended the certification deadline to 2022, which impacted special -- several specialties. In 2021, we continue to see higher digital sales in the continuing medical education business, which now accounts for over 62% of the business. We also launched several new products, improving the vitality and newness of the product portfolio. We signed 43 new clients in 2021 and added new accreditation partners, including SCI Healthcare and Beth Israel Deaconess.

2021 was a record-breaking year for our life and annuity exchanges. The Q4 revenue was up 21% compared to the same quarter last year. For the full year comparison, the 2021 revenue was up 13% compared to 2020. The life exchange revenue more than doubled in 2021 compared to 2020. There were several noteworthy accomplishments in 2021. We added several new clients to the [Annuity NM] platform, including Guardian, [NFS], Cetera and Oceanview. We launched -- we successfully launched JPMorgan and their carrier partners on the annuity platform and are currently engaged with them to launch the Life platform. Also on the Life platform, we added MassMutual and Western & Southern.

The illustration exchange was up 1% in Q4 2021 compared to Q4 2020. And on a full year basis, was up 8%, reaching the highest ever full year revenue. The growth was attributed to several factors, including new clients on the platform and new product functionalities that we rolled out. In Q4 2021, we added Western & Southern to the exchange, we also added (inaudible) to the coating platform. In 2020, we launched a new analytics platform, and we are pleased with the early adoption and the pipeline of prospects.

The P&C business was up 20% compared to the previous quarter, making it 2 consecutive quarters with over 20% growth. Overall, 2021 compared to 2020 was up by approximately 9%. We added 4 new risk management customers in Q4, bringing the total for the year to 9. We also added 9 new implementations of workers' comp solution in the quarter with a total of 19 for the year.

Our health exchange was up 8% in Q4 2021 compared to the same period in 2020 and was relatively flat sequentially with Q3 '21 and the full year 2020. Despite a slowdown in enterprise deals due to COVID-related factors, this unit stayed resilient in Q4. We added GA Dental and Redirect Health to the platform in 2021. In Q4, we were also engaged and shortlisted by one of the largest global employee benefits brokers in the world for an enterprise benefits administration deal. We will be ready to announce an update on this in Q1 2022.

Our core consulting business was up 18% sequentially compared to Q3, up 35% compared to Q4 of 2020 and up 17% for the full year '21 compared to 2020. Q4 was the highest revenue quarter going back 12 quarters to Q1 of 2019. Several client engagements contributed to the success in '21, including security benefit, JPMorgan, USAA, MassMutual and Lincoln. At the end of '21, we were engaged in active consulting services with over 38 clients, many are Tier 1 clients in the insurance and banking sectors in North America.

The underwriting exchange revenue in Q4 was leveled with Q3 and showed signs of stabilization. Overall, in 2021, we continue to face headwinds as work-from-home and restrictions on foreign travel impacted our on-site billing. On the positive side, several major clients renewed their contracts, including Nationwide, John Hancock, Manulife, Sun Life, and Ameritas, providing us visibility into ongoing revenue.

The CRM unit was down 6% sequentially in Q4 2021 and roughly down 9% compared to the same quarter last year. Towards the middle of '21, we initiated a major restructuring and repositioning initiative for this division. More than just the CRM system, our vision is to position the platform as a comprehensive agency management solution, which will be integrated with an essential distributor toolkit comprising of industry-leading components for coating, illustration, order entry and carrier communication. We are well on our way in terms of designing and implementing the solution.

Our Risk Compliance division was marginally up sequentially in Q4 and compared to the same quarter last year. We added 12 new clients to this division in Q4, including Purity Life Health Products, Sylvamo, FAM Construction, Fairfield, [City of Leandro], Realty Capital Advisors, Lawrence Investments, just to name a few, on the pipeline remained strong.

I will now spend a few minutes providing an outlook for 2022. We expect COVID-related impacts and restrictions to wither away in 2022. We are starting to hear that most client offices will reopen by the middle of this year. Impacts of foreign travel restrictions have started to ease, and we expect normalization in the second half.

Our core annuity platform will continue to see upward momentum in 2022. We expect transactional volumes to steadily increase as a result of all the carriers and distributors we have added to the platform. We are launching a new analytics platform for the annuity exchange, which will provide additional revenue streams. The pipeline for our adjunct annuity maintenance platform called AMP, remains strong, and we expect an uptick in AMP volume in 2022.

The Life Exchange will continue its strong run. We have more carriers on the platform than ever in our history and will continue to grow in 2022. As more carriers adopt the platform, we get more interest from distributors such as JPMorgan, Ed Jones and others.

Our restructuring efforts on the CRM platform will start to show positive results. The platform will have a prominent role as a gateway to enable carriers and distributors to access all our digital assets. The successful platform delivery at JPMorgan can be extended to other large bank distributors.

Our enterprise solutions, including health exchange and underwriting exchange, will see a post-COVID revival. We are starting to see a resurgence of deals and opportunities. We will have more to announce on this in Q1 2022 reporting.

With the expectation of better post-COVID market conditions, we have started to ramp up our sales team. We are pleased with the talent that we are able to attract. Our industry-leading products, marquee customers and a stellar Ebix team are all factors that allow us to attract the best talent. We expect acquisition efforts, which have taken a back seat for the past few years in North America will get reinitiated. We expect to augment our organic growth with these factors.

The past 2 years were a challenging period for us due to COVID-19-related impacts. We lost several associates. Many of our associates lost their family members and several had to take time off for ailing family members. Despite such harsh conditions, we stayed resilient and our spirit was never broken. We had a resolve to not let our clients down and we lived up to it. This was all due to the hard work and efforts of thousands of associates worldwide. Their efforts were extraordinary, and we thank them for that.

I'll now pass this on to Robin.

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

Thanks, Ash. Good morning, everyone. Let me at the outset acknowledge the efforts and sacrifices made by Ebix employees across the world in these pandemic-hit times. We lost many of our Ebix colleagues to COVID-19 in the year 2021. Having lost my mother to the disease and having first-hand interactions with some of the affected family members of these employees, I am painfully aware of the devastating effects of COVID-19 on our staff and their loved ones. In spite of all that, business continued and our employees continue to find ways to do their best for the company while making sure that our clients got the top class uninterrupted service that Ebix is known for. I am highly indebted to our staff across the world for their dedication and services to the company.

I embarked on a journey to build a world-class company beginning the year 2000, with annual revenues of \$11 million and assets of \$19 million in 1999. 2021 has been a landmark year for all of us as we got within close reach of the \$1 billion revenue mark. And in fourth quarter '21, delivered \$267 million of revenue, implying that we are past the \$1 billion annualized revenue mark in the quarter. That's a proud moment for me and for all of us as we have done that while delivering 22 years of growth and continued profitability in each of the 22 years.

Despite the effects of COVID-19 on our businesses worldwide in 2021, I am pleased to be reporting another great quarter and year for

Ebix on many fronts. A record top line of \$994.9 million in GAAP revenues, record quarterly top line of \$266.8 million in GAAP revenues, Q4 2021 revenues grew sequentially 39% and 20% year-over-year, excluding the Payment Solutions business in India, as Steve said, we generated 31.1% in the fourth quarter in operating margins and 32.1% in operating margins in the fiscal year 2021.

These results are in spite of our travel, foreign exchange, e-learning, remittance and consulting businesses being impacted severely by COVID-19, besides the overall delay in the pace of new deals being granted by client on account of COVID-19.

Also, what was encouraging about fourth quarter '21 results was the fact that our revenues grew sequentially in most of the geographies of our business. North America had a sequential increase of 7%; India revenues grew sequentially 52%; Australia had a sequential increase of 25%; Brazil had a sequential increase of 22%; Singapore had a sequential increase of 22%; Indonesia, 133%; Philippines, 42%; and New Zealand had a sequential increase of 4%.

I also want to convey that the company's Indian subsidiary, EbixCash Limited, intends to file a draft red herring prospectus with the Securities and Exchange Board of India imminently in order to offer its equity shares in an initial public offering. Under the Indian Regulatory Guidelines, the details of the offering and the use of proceeds can only be disclosed once the DRHP is filed. The DRHP filing process has involved 3-year audits by 2 independent audit firms, Walker Chandiook or GT India and K G Somani. It has also involved legal diligence by 3 sets of attorney firms, Sidley Austin, JSA and [INDUSLAW]; industry review by one industry expert, namely CRISIL; and 5 investment bankers, namely State Bank of India Caps, ICICI Securities, Motilal Oswal, YES Securities and Equirus. It's a highly complex and detailed exercise to say the least.

With the DRHP expected to be filed soon as per Indian rules governing the process, I cannot speak much about the EbixCash business until the DRHP is officially filed.

We are focused on continuing to reduce our debt. And as of December 31, 2021, as Steve already communicated, our total debt was \$52.5 million lower than at year-end 2020. As of 31st December, 2021, we had cumulatively spent \$124.1 million on interest payments, tax payments, term loan payments, income taxes, dividends, CapEx payments and reduction of working capital facilities and still, our cash, cash equivalents, short-term investments and restricted cash were at \$125.2 million as of 12/31/'21 versus \$138.6 million at 12/31/'20. We are pleased with that as it speaks to the fundamental resilience of our businesses.

And I always like to say great companies more than just creating big products and great services. They establish integrity, transparency and trust as their prime values. We have always endeavored to do that with our shareholders, our customers, our partners and our most priced asset, our employees. We are proud of the fact that Ebix has a strong record over the last 2 decades on that front.

In closing, I want to thank our customers, our partners and our employees for their continued trust in us and for contributing to an outstanding Q4 and just an exceptional 2021. Thanks, everyone, for that. With that, I will now pass the call to the operator to open it up for questions. Thank you.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) We have a question from Jeff Van Rhee with Craig-Hallum.

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

I guess several. I'd be remiss if I didn't at least ask Rob and I realized your hands are somewhat tied at least from your commentary. But as you talk about coming SEBI filing an IPO in India, media articles, et cetera, rumoring \$3 billion, \$4 billion, \$5 billion valuations for that business. But details are limited, time lines are limited. Obviously, this has been a long process getting here. You've said imminent, I guess, open ended. I'm wondering if there's anything else you can tell us about kind of what imminent means and I doubt it, but I'll ask it anyway. Any comment on that valuation?

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

Jeff, I wish I could tell you what imminent means, but imminent means imminent. I'll stop at that. So let's -- I'm not allowed to say more than that. So, yes.

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

All right. I'll leave it there. Looking forward to that imminent filing based on what I see, that ought to be a real needle mover. So let me get to the business. The U.S. business looks like as a whole, it put up the best growth in many years. So congratulations on that. I know you've been talking about growing pipelines. And Ash, I don't know if this is for you or for Rob, and you guys maybe split it up however you want.

But before I dive into both the insurance exchange segment versus the RCS, can you just talk overall about the expected growth rates for those 2 businesses? And maybe quantify, if you can, what are you seeing in the pipeline? Because I know you went way down in the weeds, but it'd be helpful to roll it back up. What's the magnitude of the improvement in the pipeline? And how do you think about overall growth? Those 2 questions.

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

So I will let Ash to answer the question related to the U.S. But before I actually do that, I'll just at a high level, talk through the international part of the insurance business. We have a very strong pipeline with respect to the international business in terms of insurance. As you can tell from the numbers that we just reported for Australia, meaning we had one of the strongest quarters we've ever had in history and that's all insurance, as you know. And we have talked about it in our previous calls. We talked about some of the super brokers in the world.

One of the super brokers, 1 of the top 3 or 4 brokers in the world, has decided to move ahead with us with 15 different country implementations. And we're talking about large implementations for countries, large countries like ranging from Italy to Germany to France kind of countries. So we expect substantial revenue streams coming out of this not only in terms of recurring revenue stream because this is for our product Ebix Evolution, which is basically a .NET-based SaaS broker systems product.

But what we also expect is a lot of customization with respect to each of these countries and to generate substantial consulting revenues associated with those implementations. So we feel very good about our international -- the possibilities that we have. Brazil had one of the strongest quarters in the last 2 years with respect -- and all of that is insurance. We expect Brazil to continue to go strong. Brazil suffered a lot during COVID. Brazil is one of the countries that was -- 1 of the top 3 countries that got affected by COVID the most. So as some of that effect subsides, we expect to do quite well in the Brazilian market. I think overall, our international revenue streams should continue to look up in 2022. Ash -- With that, Ash, I'll pass it on to you.

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

Thanks, Robin. Yes, the U.S. business, we are very optimistic in 2022 and beyond. Several factors contributing to that. Number one, if you look at our core business, and core business being our exchanges, they have done extremely well over the last 12 to 18 months. We have added several new carriers, several new distributors. This exchange business, as you probably know, is a self-fulfilling prophecy. The more carriers you add, the more distributors you get; the more distributors you add, the more carriers you get.

So we are at that critical mass. We have all the key carriers that we need on the platform. We've got some of the largest distributors on the platform. And these exchanges allow us to generate multiple revenue streams, transactional revenue, there's ongoing hosting revenue, there's services revenue, there's consulting revenue. So we are pleased with where we are in terms of our market presence and penetration amongst the large carriers and distributors. The same, I would say, applies towards our health exchange, our P&C exchange. So overall, what we define as our core business is stable and the outlook is positive.

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

Okay. So maybe you talked to the RCS line, I mean, obviously, big sequential, big year-over-year growth. Maybe it was in the prepared remarks, but maybe just a little more commentary as to what happened there in Q4?

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

Well, it was a combination of many factors. It's a combination of growth. In North America, it is also a combination of growth in some of the other markets like India, for example. Meaning, for example, we recently announced the Punjab National Bank deal that started generating revenue out of India. Similarly, meaning, I think Ash in his remarks, detailed out how consulting -- the core consulting business has continued to improve. So there's a number of different factors.

Look, we've been talking about consulting businesses, for the RCS business for the last few years. We've been talking about -- Ash talked -- in his previous talk, he talked about how he's resetting this whole business, how he feels that we can -- we've had declines in previous years, and he talked about how we are making a change in how we handle the business and some of the diversification in terms of attacking certain areas where we thought we had more core competence to be able to address those markets better. And we did that.

And with that repositioning, we are starting to show results. So I expect RCS business to continue to grow in all of these segments. And not to forget our certificate tracking business, which is part of the RCS business, and we expect as the effects of COVID subside, we expect that business will be back -- we expect to continue to grow that business sizably.

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

The -- just one follow-up, if I could. The -- I think last quarter, you were commenting on that business, the insurance side, you thought it could grow high single digits. I mean, it sounds like the conviction is at least what it was, if not accelerated. Still comfortable with the high single digits?

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

Ash, that's for you.

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

Yes. Yes, absolutely. Listen, we can't predict quarter-to-quarter. We're already in the first quarter of 2022. But as we look towards full year 2022, there's no reason why we wouldn't be at those levels.

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

Yes. Okay. Maybe if I could just shift gears, Robin, to the extent you're able to comment on what's going on in India related to the EbixCash business. And if you can't comment specifically to the business, maybe you can just comment to general trends. But I think it'd be insightful to hear in your words what's going on in the overall travel environment? Kind of what's the backdrop for FX, travel, remittance? You obviously took a big hit and have weathered the storm. I guess the question is, how quickly do those businesses come back? And what are you seeing on the ground right now?

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

Well, I think our numbers speak for themselves. Meaning we -- I can't discuss too much in terms of specifics of our business as of now, but I can talk at a general level. So the travel business is starting to come back. We had a pretty strong quarter with respect to -- if we sequentially look at it, we did quite well. We expect this business to do very strongly, the travel business to do quite strongly in the year 2022. Our pipeline remains stronger than ever. We are building up back our franchisee channel which means we'll have travel stores across the country.

We hired the largest -- the most profitable business that Cox & Kings had across the world, [their] franchisee business. And the gentleman who ran that business is basically heading our franchisee business now. So we expect to do very well in the franchisee travel business. We expect to do quite well in the B2C segment. Corporate segment, we've always been one of the leaders. Events travel, we have always been an absolute leader in the market. So we expect that travel business will continue to grow as travel opens up, especially in countries like Indonesia and Philippines.

Look, we are #1 in both these places. We're the largest OTA player in both these countries. As these countries open out, our travel business will automatically come back and will grow. So we are -- we have a strong pipeline in terms of we have a strong -- we are targeting strong revenues in 2022 from the travel industry. The travel industry is starting to open out. I think Government of India, for

example, has announced the date to resume all flights, I think, is March 22 -- March 27, actually, that they will open up all the international flights, so things are starting to come back. It's a gradual process, as you are aware. But I think there is a continued movement. Companies are starting to do their conferences. Companies are starting to organize events.

For example, recently, we had one of the largest banks in India, hire us to organize a very large event that we will be implementing in the first quarter. So having said that, the change is starting to happen nationwide in terms of the travel industry. And travel is automatically related to ForEx. The movement travel opens, the airports will open, and we obviously dominate the airport play. So we expect that ForEx business will also be directly proportional to the -- the growth in the ForEx business is directly proportional to the travel growth. So the signs are looking good for that.

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

Yes. One last question on that, if I could and I'll let somebody jump on. The -- obviously, during COVID, you took some pretty quick actions to protect yourselves on the cost front, had to let people go. Obviously, generate pretty good cash flows through the downturn. My question is coming out of it. I think there's always the risk you cut to the bone and inhibited your ability to come out with a real spring in your step and drive the kind of growth that you were driving coming in. Give us an overview of how you think you're sitting in that regard?

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

So we actually brought most of our people back. We've already done that. That's already baked in, in our Q4 numbers. We not only brought most of our people back. We also gave them hefty raises, right? Because of the changed environment, the labor markets in India change. So we had to automatically -- that 8% and 10% raises won't do much for anybody, and we had to come up with much higher raises and so on. So we did all of that.

There is -- there are areas where we will -- we haven't brought all the staff back. For example, the area of ForEx, meaning it is -- I'll give you a very simple example. Let's say, there's an airport called Coimbatore. And Coimbatore has limited international flights. And let's say, the -- and that's a real example. We are the only one player sitting at that airport handling foreign exchange.

Now if flights haven't started and I have dedicated employees that I had, we had to keep them on furloughs. But as airports are opening up, we're gradually bringing those people back, right, to ensure that we don't just drive our costs up automatically. But good news is we don't have -- we didn't do that on the development front. We -- Meaning, we have brought back everybody that we wanted to bring back in development, in IT. In most areas, we have actually done that.

The only area where we are still working on bringing more people back is the area of foreign exchange. And to some extent, to a limited level of the franchisee channel in travel. But otherwise, we're pretty happy with what we've been able to do in terms of retaining our employees and bringing them back.

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

Okay. I'm going to ask one more. On the IPO process as it relates to EbixCash, assuming the filing is imminent, as you said, what does this process look like from between whenever that actually files and the IPO? And what are the key steps we need to be thinking about?

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

So as you know, the process is to file a DRHP with the Securities and Exchange Board of India. And once SEBI takes -- once SEBI approves it, it becomes a -- you file an RHP. Again, it's very difficult for me to give you a time line, whether it will take 2 months or it will take 3 months or 4 months. Virtually, a typical time line would be that SEBI typically has taken 2 months, but it doesn't mean anything. It can take much longer.

Again, once that happens -- once SEBI approval comes through, then you have to follow certain processes. And typically, depending on if we get approval by April 20, we will be able to get -- let's say, we file over the next few days or a few weeks and we get an approval by sometime before April 20 or April 25, then possibly you can have an issue by May 15. But if you don't get that approval by then, then your issue accordingly flips by almost a month and so on. So that's how it works.

So there's a time line of typically of 3 to 4 months from the time you file to get that whole process done, and there are many steps in between. One of the steps, for example, is the research reports being issued by the banks and so on, which will also happen soon. I would imagine once the DRHP is filed, again, look it, you will hear more once the DRHP is filed. It's very -- within the rules, it's just impossible for me to say anything beyond what I've always said.

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**Operator**

Our next question comes from Chris Sakai with Singular Research.

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**Joichi Sakai *Singular Research, LLC - Equity Research Analyst***

Just I had a question on Indonesia's growth and why was it 120%? What were the drivers there?

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

Well, the main reason for 120% was basically that the base was low. So Indonesia -- because we're talking about a COVID affected period, you're going to see very -- you're going to see high growth numbers coming out of various countries on -- in the travel business. Any country that is dedicated to travel is going to continue to show strong numbers as travel comes back. Now remember, we are #1 OTA player -- travel player in Indonesia. As we go into subsequent quarter, that growth will be there. We will have -- until we come back to the normal levels of what we do in Indonesia, it's one of our most profitable travel operations, so is Philippines incidentally, and it's a very high-growth revenue business for us.

So it is -- because there was almost very low travel numbers happening earlier, and 100-and-something percent of nothing is still or nothing candidly. So it is not like -- I believe that we can keep showing decent growth in coming months and coming quarters simply because the base has been lower. But at the end of the day that we are the #1 player in Indonesia. So to -- so to get back to our normal levels, we just need the market to open out as the travel markets to open out. Indonesia is a big destination, as you know, for trouble because of Bali being there, the older civilization. We have a very large base of agent -- distribution agents.

All our agents are phygital, as you know. So what it means[, that they are] physical. Located in Indonesia is tens of thousands of islands that exist in Indonesia. Our agents are spread across these tens of thousands of islands in Indonesia and all of them are digital. So they give us the reach of the next-door agent -- travel agent, and they also provide us that they also are 100% digital using the Via technology. So that's what we call phygital. And as the market opens out, our growth is -- should be imminent, right in these places. So that's the reason, and I would hope that, that growth continues in these countries.

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**Joichi Sakai *Singular Research, LLC - Equity Research Analyst***

Okay. Great. And then I had a question on the -- your ITMS project with your buses. What's your growth rate projections there? And what are the likelihood of other states wanting your technology?

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

So you've -- if I heard you correctly, you talked about the bus solution, the bus exchange solution, right? We are already -- we are the largest player in the market from a perspective of that we already have clients in 14 states. What I mean by out of the 28, 14 state roadways corporations which are government-owned transport corporations do business with us. Recently, we announced the state of West Bengal, I think that's a deal you're referring to. But then again, that revenue is not baked in as yet into these numbers because that's a deal we just did. So it will start coming in. That revenue will start coming in, in coming quarters.

Now having said that, we expect a number of other states to join in because the markets have started opening out. Because -- earlier because of COVID, the bus undertaking -- there was very little bus travel happening. Now bus travel is back in full flow in India because this is the only means of travel for an underprivileged or a lower middle class, right? And India doesn't have -- for intra-city travel, you don't have trains everywhere. Only the big cities have the metros. So net result is only means of transportation, a feasible means of transportation for something that they can economically afford is buses in India.

So the bus travel has typically been growing year-over-year 27% in India. And having said that, if we can be continuing to provide

technology at the back end, remember that we make money of every ticket of every bus irrespective of who sells the ticket. So we do expect to do quite well in that business. We have a very strong pipeline of deals. We -- hopefully, you're going to hear a lot from us in coming weeks and months on some of the newer deals that we expect to get done in the bus exchange arena.

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**Joichi Sakai Singular Research, LLC - Equity Research Analyst**

Great. And then I wanted to ask about potential acquisitions for 2022. Is this something on your agenda?

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

Look, our first top priority is to get the IPO done. And when we look at the IPO, we want to generate -- what is our goal? Our goal is to generate a substantial amount of cash that -- and we want to use part of the cash to clearly, I think we've said that in the past, to reduce our debt sizably. And having said that, we want to be in a very strong cash position before we start making any meaningful acquisitions or looking at acquisitions. So I think to -- us to give you a very candid answer, in order of priority, my first priority -- our first priority as a management team is to reduce our debt to -- as low a level as we can. That's our first priority.

Then after that, we're going to focus on the acquisitions, utilizing the excess money we have for acquisitions and so on. So we're fairly clear in our thinking. We believe that if we can improve our balance sheet, it will be great for our investor base. We also believe that if we can have a good IPO, we'll have a sizable amount of cash to do all of what you're just talking about.

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**Steven M. Hamil Ebix, Inc. - Executive VP & Global CFO**

Rob, it's Steve. Let me just -- let me just add something around the priorities because as we reduced the debt which is a top priority for us. It will also enable us to evaluate alternate capital structures and other forms of capital for our balance sheet that would provide us with long-term flexibility around acquisitions and other strategic qualities of the company.

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**Operator**

And I'm not showing any further questions in the queue.

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

Great. We can close the call then. Thanks, everyone, for being on the call. We look forward to speaking to you soon as we get into the first quarter earnings call.

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**Operator**

Thank you. And with that, ladies and gentlemen, we thank you for participating, and you may now disconnect.

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