**Ebix Inc. (Q1 2020 Call)**
**May 11, 2020**

**Corporate Speakers:**

- Darren Joseph; Ebix Inc.; Corporate VP, Finance & HR
- Steve Hamil; Ebix Inc.; CFO
- Ash Sawhney; Ebix Inc.; President, North America Operations
- Robin Raina; Ebix Inc.; Chairman, President & CEO

**Participants:**

- Jeff Van Rhee; Craig-Hallum Capital Group LLC; Analyst
- Joel Tillinghast; Fidelity Investments Inc.; Analyst

## PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by. Welcome to the Ebix First Quarter Earnings Conference call.

(Operator Instructions)

I would now like to hand the conference over to your speaker today, Darren Joseph, Corporate Vice President. Thank you.

Please go ahead, sir.

Darren Joseph^ Thank you. Welcome, everyone, to Ebix, Inc.'s 2020 First Quarter Earnings Conference Call.

Joining me to discuss the quarter is Ebix Chairman, President and CEO, Robin Raina; Ebix CFO, Steve Hamil; and President, North America Operations, Ash Sawhney.

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 are contained in our SEC filings, which list a more detailed description of the risk factors that may affect our results.

Our press release announcing Q1 2020 results was issued this morning. The audio of this investor call is also being webcast live on the web at www.ebix.com/webcast. You can look at Ebix's financials beyond what has been provided in the release on our website at www.ebix.com. The audio and the text transcript of this call will be available on our investor homepage of the Ebix website after 4 p.m. Eastern Time today.

Let me now discuss key metrics in our Q1 2020 release. Q1 diluted EPS was $0.81, and non-GAAP diluted EPS was $0.96. Q1 operating cash flow was $29.6 million. Q1 revenues were at $137.9 million and constant currency revenues of $141.6 million. Q1 GAAP operating income was $34.3 million, and non-GAAP operating income was $39.9 million.

Revenue in Q1 2020 decreased 4% from a year ago to $137.9 million, primarily due to the headwinds associated with the impact of COVID-19 on our worldwide businesses beginning March 2020.

On a constant currency basis, Ebix's Q1 2020 revenue decreased only 1% year-over-year to $141.6 million as compared to $142.9 million in Q1 of 2019. After excluding the revenues from the ForEx, travel and remittance businesses that were hit the most in March by COVID-19, Q1 2020 revenues grew 15% as compared to Q1 2019.

In Q1, our EbixCash revenue was the largest channel for Ebix, accounting for 56% of the company's revenues and our insurance exchange channel accounting for 32%. The EbixCash Financial exchange reported revenue was $77.9 million in Q1 2020 compared to $77.7 million in Q1 2019 and $81.2 million in Q4 of 2019. Beginning in March 2020, our businesses in the area of on-site consulting, travel, foreign exchange, remittance and education were hit severely because of COVID-19.

Once the pandemic led to a global shutdown and a virtual human curfew was imposed in countries like India, the effect of these business lines was natural. Considering that, we feel good about Q1 2020 results and the resilience shown by our employers across the world to allow us to keep supporting our B2B clients.

As a subsequent event, we received court approval from the courts for the acquisition of the Bus Exchange business, namely Trimax, on a liability-free basis. Trimax is the market leader in India in the bus exchange arena in terms of software and firmware, associated with automating the enterprise systems in buses and bus depots, with a reoccurring revenue base that spans across 18 states in India. We see that as an accretive acquisition and are looking forward to integrating it into our business.

I will now turn the call over to Steve.

Steve Hamil^  Thanks, Darren.

I want to begin my first quarterly earnings call by saying how excited I am to be in the CFO role at Ebix. I've known Robin, Darren and the management team for the past 6-plus years as their lead banker. During that time, I've developed a rapport with the team and, as importantly, a strong belief in the strategic vision that Robin has for this company.

I want to thank Robin, Darren and the Board of Directors for their support of me, and I look forward to many years of helping Robin and the team continue their long-term success guiding Ebix.

We operate in unprecedented times. The COVID-19 global pandemic has had a negative economic impact across the globe. Some industries have lost virtually all of their revenues.

Other industries have been severely hampered. At Ebix, we have felt our share of pain as well to date. But the results that we have produced in the first quarter provide positive evidence that Ebix is prepared to survive this global economic seizure and thrive once our world returns to normal economic rhythms. This management team has taken quick and decisive steps to streamline our cost structure, and we'll continue to proactively manage our expenses through the crisis.

Our top line performance in Q1, with year-over-year and sequential constant currency revenues decreasing 0.9% and 4.2%, respectively, is encouraging. Our company's diversity of revenues, both by geography and solutions and services, our customer stickiness and the recurring and repeating nature of a large percentage of our revenue base, is the foundation that will allow Ebix to operate successfully through this crisis as we see it unfolding today.

With that, I'll turn to some financial results. Ebix's gross margin in Q1 '20 was 58.3%, down sequentially from 63.7% in the fourth quarter of '19 and down year-over-year from 67.9% in Q1 of 2019. EbixCash had a surge in sales in our payment solutions business in India in the first quarter of 2020 due to increased demand for electronic payment products as a result of the country-wide lockdown for the COVID-19 pandemic. These revenues carry a lower margin than other solutions and services offered by Ebix.

Operating income for Q1 2020 was $34.3 million, a decrease from $54.1 million in the first quarter of 2019, primarily due to the impact of COVID-19 and a $15.4 million reduction of the acquisition accrual for its cash that was taken in Q1 '19. Cash flows from operating activities was $29.6 million in Q1 2020, which compares favorably to $21 million in the comparable prior year period.

During Q1 2020, we had cash uses of $24.7 million to reduce the working capital facilities in India during the quarter, $3.8 million for principal repayments on our outstanding term loan, $2.3 million for dividend payments, $558,000 on CapEx and $1.1 million of cash tax payments. We funded these initiatives from existing cash plus operating cash flows generated during Q1 2020. Ebix ended the quarter with cash, cash equivalents and short-term investments of $71.1 million versus $77.7 million at 12/31/19. If you include the restricted cash on our balance sheet, much of which is short-term time deposits and other time deposits with maturities in excess of a year that are deposited with banks, total funds available at Ebix at 3/31/20 was $98.4 million versus $115.9 million at 12/31/19. That decline was driven mostly by the $24.7 million aforementioned paydown of the Indian working capital facilities in the first quarter.

Our balance sheet remains healthy with a current ratio of 1.7 at March 31, 2020, and working capital of $130.5 million. The company's consolidated net debt leverage ratio increased from 3.63x at 12/31/19 to approximately 4x at March 31, 2020, due to the operating impacts discussed earlier.

We are very pleased to have closed on an amendment to our senior credit facilities last week. We appreciate the constructive support of our syndicate of banks that has allowed us to amend certain terms of our credit agreement, in anticipation of the negative impacts of the COVID-19 pandemic on our operations. Our bank group has supported Ebix for years, and the company values its relationships with these banks. Finally, note that the 10-Q for the first quarter of 2020 will be filed later today with the SEC.

In closing, Ebix is looking forward to the future. While the COVID-19 pandemic will provide its challenges to the company in the interim, longer term, we are focused on continuing to move forward with the EbixCash India IPO, growing our collection of solutions and services organically and continuing to evaluate inorganic opportunities to build market share or add complementary technology and services to Ebix.

I look forward to working with each of our investor groups, and we'll work to create value for all of our company stakeholders over time. Thanks to all of our employees for their hard work and efforts for the company, and thanks to all of our investors for their support of Ebix.

I would like to now turn the call over to the President of our North American insurance businesses, Ash Sawhney, for his remarks on the first quarter. Ash?

Ash Sawhney^  Thank you, Steve. Good morning, everyone. Q1 was a challenging period for businesses across the globe because of COVID-19. Having said that, the Ebix business in North America, for the large part, stayed resilient, and only a few units were impacted by the slowdown. Our major exchanges, including annuities, health, WinFlex Life and certificate tracking, grew compared to Q1 of 2019 despite the tough market conditions. These were offset by declines in our medical certification business, consulting, underwriting exchange and the A.D.A.M. businesses.

During the second half of Q1, we transitioned to the work-from-home model. All our systems and exchanges continue to run normally during this transition. Our clients have been highly appreciative of our ability to quickly adapt and support them during this transition.

I will provide now a narrative on the key aspects of the major business units and also provide an assessment on the ongoing impact as a result of the COVID-19 market conditions. We saw an uptick in transactions in March on our annuity exchange as carriers revamped their products, due to market conditions. Ebix has a dominant position in the annuities market as we service dozens of carriers and hundreds of distributors. We continue to close new deals in Q1, including Brighthouse, Oceanview and Fidelity and Guaranty.

Last quarter, we announced that Ebix has been chosen as the technology partner by one of the largest distributors in the country. We are pleased to say that we have made significant progress towards establishing this relationship, which extends across both our life and annuity platforms. Current plans are to get them live on the platform before the end of the year. This is one of the largest deals in this space in recent years as it involves new transactional volumes from 12 annuity carriers and 15 life carriers.

We are also seeing a significant uptick in demand for electronic signatures as carriers and distributors adapt to work-from-home and contactless selling, the demand for Ebix products and services that digitize and automate the end-to-end process is expected to increase.

Our health exchange grew year-over-year in Q1. Our subscription-based model and a diverse customer base protects us from market downturns. We may see some impact due to the high unemployment rates, but even with furloughs and layoffs, the need to administer health plans will continue to hold steady.

We are making steady progress towards expanding our presence in the voluntary market. Our products are now getting coverage by analyst firms like [Salient]. We plan to run major campaigns for the remainder of the year to generate more traction in this market.

Our wellness business was marginally down compared to Q1 of last year and marginally up sequentially compared to the last quarter. We have struck a major partnership with CBIZ, one the largest brokers in the space. We will see a pickup in activity towards the second half of the year.

Our life illustration exchange stayed flat compared to Q1 of 2019 and was only marginally down sequentially compared to Q4 of 2019. The transactional volumes in Q1 stayed steady. The slight drop-off was on account of certain custom projects that were delayed due to COVID-19. We expect these to pick up in the coming quarters. We added new clients to the platform, including OneAmerica and Fidelity and Guaranty Life.

We also launched our illustrations analytics platform and are now actively engaged with at least a half a dozen carriers who are evaluating our product. We see this as a significant launch and will provide incremental revenues in the future. Our CRM exchange was marginally down as a result of the slowdown in decisions on new deals, but we expect this unit to start picking up later in the year as the large distributor we are engaging with, which I mentioned earlier, will be adding our CRM exchange to their network.

Our medical certification business is a seasonal business, wherein Q4 is the strongest quarter because of doctors claiming tax deductibility on their CME purchases. Accordingly, the CME business in Q1 2020 was down approximately $3 million compared to Q4 of 2019.

We have instituted several measures to grow this business. Significant among the measures is a major shift towards digital marketing. This will have a favorable impact on both the top and bottom line for this business. We are already seeing positive momentum and expect Q2 will be higher in revenue compared to Q1.

The certificate tracking business was slightly higher as compared to the same period last year and sequentially compared to Q4. We added 17 new customers in Q1 compared to 9 during the same period last year. Our enhanced sales efforts are contributing to a healthy pipeline.

In Q4 of 2019, we struck a partnership with CSAC, a consortium in California, whose member companies are being converted to the Ebix-CSAC platform. We are currently in discussions with over 12 such member companies, and we expect to add more in the coming quarters. Despite the market conditions, we expect this unit to hold steady.

Our underwriting exchange had an impact due to the market conditions. The sales cycle for this unit tend to be longer and more complex. We saw projects being delayed towards the second half of Q1 because of COVID-19. We saw a general slowdown in this segment as carriers were unable to complete the underwriting process as lab tests were delayed. This is going to create a significant backlog, and we expect carriers will be playing catch-up during the second half of the year, which will be positive for Ebix.

Our clients on the underwriting exchange include the largest life carriers in the market. Our contracts tend to be long-term, and the operations that we support are mission-critical to our customers. We added a significant new client, Security Benefit, who has partnered with Ebix to build out their underwriting platform for the direct-to-consumer market. We expect this unit to hold steady and to start growing again in the second half of the year as carriers reengage on projects that are temporarily on hold.

We are seeing a lot of activity in the direct-to-consumer segment of the market. We see our clients making significant investments in building out their direct-to-consumer distribution channels, and the Ebix life exchanges are well positioned to benefit from this trend. Our outlook in this segment is very positive as we have added many new prospects to the pipeline.

Our consulting businesses have seen a temporary slowdown as our clients transition to work from home. Longer term, we expect this business to benefit as remote engagements are becoming the new normal, and we are well-positioned with our global delivery centers and report -- and remote support models.

I will now provide a perspective on the outlook for our North American business, in the wake of the ongoing market conditions. We expect the short-term impact to be minimal. This is primarily due to our resilient business model. Ebix derives a significant portion of its revenue through exchanges. These are subscription- and transactional-type revenue models that are better geared to withstand any slowdown.

Our diverse customer base and network, which includes hundreds of carriers, top banks; brokerage and wirehouses; thousands of distributors; top brand name-medical institutions; and thousands of employer groups, including many of the top Fortune 500, minimizes customer concentration risk for us. Also, our customers are large, well-capitalized entities, and we are confident that they will withstand temporary challenges.

There are a few businesses such as our workers' comp EDI business, group enrollment solutions and certain segments of our consulting business that may see a temporary slowdown, as these businesses tend to be sensitive to higher unemployment rates and market slowdowns. These businesses represent a small portion of our overall revenue in North America. So even a temporary slowdown should not have a material impact on our overall revenue.

On the positive side, there are several dynamics that play into the strengths of Ebix. We believe the industry will accelerate investment in digitization of their core operations. Particular emphasis will be on processes that touch the customer. We will see a drive towards contactless selling, which will create demand for our core businesses, including agency management, electronic order entry, digital signatures, automated underwriting and electronic policy delivery solutions. Companies that don't automate will find themselves exposed to execution and compliance risks.

We will also see a major shift towards redesign of insurance and annuity products. The trend towards direct-to-consumer will accelerate. Traditional underwriting will transition to more automated underwriting. All these factors play right into the strengths of the core offerings at Ebix. The optimism is reflected in a pipeline that is strong and deals that we continue to close.

We are seeing opportunities for our A.D.A.M. business, including the medical content and Ask a Doctor services. We are engaged in partnership discussions with several entities as there's a growing acceptance of telemedicine.

The mission-critical nature of our products, the quality of our customers and our strong partnerships with them, and a stellar team at Ebix that can quickly adapt to market conditions and capitalize on new opportunities that emerge from changing market conditions, exemplifies our strong and resilient business model.

I will now pass along to Robin for his comments.

Robin Raina^ Thanks, Ash. Good morning, everyone. Let me, at the outset, thank you for participating in this call, in the midst of the century-worst pandemic. I'm clearly pleased with these results as they reflect the resilient nature of Ebix business that has been built by brick over the span of 2 decades.

On a human level, it has been painful to see the pain that COVID-19 has brought across the world, both in terms of a health crisis and the carnage unleashed on economy across the world. What's most painful about COVID-19 is the deep impact it has had on the life of the underprivileged, the lower middle class and then the middle class, in that order.

The corporate sector has also felt the pain, and part of that pain has trickled down to its employees across all sections of society. It is very difficult today to find companies that have been unimpacted by COVID-19. Companies have had to fight the impact of COVID-19 on many fronts, keeping their businesses functioning; keeping their employees functional, if required; huge drops in revenue; need to reduce their payroll and other costs; and also, to meet their lending agreement requirements; and finally, of course, need to try to curtail their cash burn during this period.

Ebix went into COVID-19, thinking it was extremely well-prepared to handle the impact of COVID-19, but then in another few weeks realized that COVID-19 was becoming a tsunami, as one country after another decided to shut the entire country down by declaring complete shutdowns. Schools were shut across the world along with all travel airport businesses, et cetera. We could see that the impact of COVID-19 was unavoidable in certain areas like on-site consulting, travel, foreign exchange, remittance and even e-Learning.

As schools were shut, international students were told not to travel, hurting a piece of our educational remittance business. Airports were completely shut. No travel was feasible from almost any country. And schools were trying to conserve their spending even on e-Learning on force majeure grounds. Typically in crisis situations, we see a surge of money flowing in from expats and migrant laborers to their home country to help their parents and loved ones. However, this time was a little bit different as the migrants had either been furloughed or just had no access to a Western Union, MoneyGram or a [Ria] outlet to be able to transmit money, considering the lockdowns.

Also, COVID-19 resulted in U.S. dollar growing a lot stronger as compared to currencies like the Australian dollar, British pounds, Brazilian real, Indian rupee, et cetera. A strengthening U.S. dollar tends to hurt Ebix as we report all our international results in U.S. dollars. Australian dollar became weaker by almost 14% in the quarter, while the Brazilian real went down by approximately 25%. In constant currency terms, it had an impact of USD 3.7 million on our worldwide revenues for the quarter.

All of this impacted our results in the month of March 2020. Considering all of this, I am quite pleased that we are reporting results today that stand out in terms of profitability, cash flows and even revenues, considering the times we are in. We had to make lots of tough employee-related decisions, especially in areas affected by COVID-19.

We also had to decide how to keep our clients fully functional and keep our technology employees fully functional from their homes. Our IP and administration groups worldwide passed this test -- passed this testing time with flying colors. They were able to keep all our clients and systems fully functional with 0 downtime. I'm very thankful to our staff across the world for showing time and again, why Ebix has such high customer retention, and as to how Ebix tends to step up each time a crisis situation has to be dealt with for our clients.

We cut our costs in many areas. We renegotiated many cost-related agreements and decided to concentrate on revenue sources that were less impacted by COVID-19. All of that effort was targeted at ensuring that Ebix continues to be nicely profitable and cash flow positive, even during this trying COVID-19 period.

Our B2B back-end and exchange operations, for the most part, continued to do well. Australia reported a record quarter in terms of revenue in local currency terms. Brazil, U.K., Singapore and New Zealand were all strong in local currency terms. We signed a number of deals in the first quarter of 2020 in India with financial institutions and international markets in the area of EbixCash financial technologies.

Government of India has declared that they plan to open India's lockdown gradually beginning May 18. That is clearly welcome news from our perspective as it will immediately start showing some results in our remittance business. It seems that travel is also being opened on the same date. And if that happens, our travel and foreign exchange groups should start working their way back up.

With the schools being closed, we have seen that there's an increased demand for e-Learning apps for students that allow schools to let children study from home, while schools and parents get to monitor their progress on a daily basis online. Accordingly, in this COVID period, we have changed the focus of our e-Learning sales team from pursuing classroom-based e-Learning provided by teachers to self-e-Learning solutions for students so that they can study at home itself.

In each business area, we have made similar adjustments to our sales processes and product priorities. Darren, Steve and Ash discussed the quarterly numbers, so I'll not discuss those numbers but just say that I'm pleased with our overall performance. I'm also pleased that we have continued to focus on cash collections and cash generation activities during this period, leading to our present cash and cash equivalents rising to approximately $115 million as on date, including restricted cash.

We have a number of key initiatives that we are presently pursuing beyond what Ash has already talked about. A multimillion-dollar agreement in hand, for UAE airport ForEx counters; a Trimax bus exchange acquisition awarded to Ebix a few days back, which we expect to generate 30% to 35% EBITDA; a number of our large-ticket deals in the bus exchange arena across multiple states in India; a few inorganic opportunities that could be nicely accretive; a direct-to-consumer exchange joint venture opportunity in the United States.

Recently, the courts in India awarded the Trimax acquisition to us. We had requested the court to allow us to purchase Trimax on a 100% liability-free basis. I am pleased to report that the court accepted our request and awarded u a Trimax, with no liabilities attached to the acquisition. Trimax has a strong presence in the bus exchange arena in 18 states of India today, and has built a recurring revenue stream with each bus tickets, which -- and has built a recurring revenue stream, which is linked to a steady transaction flow from each bus ticket sale in each of these states.

As regards the Yatra acquisition. The merger agreement contains certain termination rights for Ebix and Yatra, including, among others, the right of either party to terminate the merger agreement, if the merger has not been consummated on a prior, to the extended date of May 4, 2020. As of now, the outside date has not been further extended.

With regards to our IPO plans for EbixCash. We think that it is prudent to let the COVID-19 crisis blow over and let the markets normalize before we launch our IPO. Accordingly, we intend to work closely with all our investment bankers through this period, and keep ourselves in a ready mode for the IPO while we wait for this pandemic to pass.

In terms of acquisitions. Past or present, our priorities are absolutely clear. We have 3 key financial goals. One, minimize any risk for Ebix, in terms of any additional debt overhang; two, make acquisitions that can be nicely accretive in the short-term for our shareholders. Even if we are using stock as an instrument of purchase, we will still try to construct terms that can delay dilution idly for many years. Three, target companies that can get us near the 30% or higher EBITDA number. We have a number of strategic acquisition opportunities that fit into these 3 criteria. Rest assured, those are the only ones that we're pursuing today.

Lastly, let me give you my perspective on COVID-19 at a more philosophical level. I believe that each business professional, including you and me, needs to really look at the 2 possibilities coming out of COVID-19. One is a pessimistic possibility that COVID-19 will continue to impact our lives terribly for a very long time. And thus, we need to really just think of today rather than tomorrow. The optimistic or, as I prefer to call it, opportunistic possibility, is that COVID-19 will sooner or later blow over. And we need to use the time to make our businesses leaner, focus on the fundamentals and pursue certain strategic opportunities that many will shy away from at present and thus, could be bought for a steal.

My theory is that if we have to be pessimist, then why waste our remaining lives thinking of work at all? We might as well just keep our loved ones close to ourselves and then start living our remaining lives, enjoying what God has given us till now. For good or bad, I am not one of those. I prefer to be an optimist, or as I call myself an opportunist, who wants to see the present time as a lesson in prudent behavior, and also an opportune time to differentiate one's company from the herd by pursuing opportunities that others are scared of and by recalibrating your vision and strategy to take advantage of the times we are in.

COVID-19 has done 2 things in my view: one, it has leveled the ground; and two, it has taught each one of us the value of creating systems that allow companies to reduce their physical offices drastically and allow companies to work from home.

What do I mean by leveling the ground? Before COVID-19, there were many companies that in the name of organic growth were continually burning cash and subsidizing their customers and thus, winning business by just losing money each and every day. They were doing that with the backing of mega-private equity groups and financial institutions who believed that it was okay to lose money, as they could hype up the company valuation based on pure revenue growth, and show huge gains based on this wafer ware valuation, backed by investment banker studies.

COVID-19 taught each one of these PE and institutions a little bit of a lesson as now, they had to mark down their investments, book losses and suddenly become accountable to their investors. In turn, they have started pushing the companies they invested in to stop the burn rate and become profitable.

That's a great development from our perspective as till now we, at times, were fighting a lone battle in our industry, competing against players who just grew the wrong way by subsidizing their sales. I call it leveling the ground as now, there's a better possibility that all of us will be competing on real merits rather than growing just by losing money.

With respect to working from home. We are presently doing a worldwide review to see whether by the end of 2021, we can have at least 40% of our employees functioning from home, and by the end of 2022 have 60% of our employees working from home. With that, it brings me to the end of my talk.

I will now hand it over back to the operator to open it up for questions. Thank you.

## QUESTIONS AND ANSWERS

Operator^  (Operator Instructions)

Your first question comes from the line of Jeff Van Rhee.

Jeff Van Rhee^  Welcome, Steve. Great to have you on here and look forward to working with you. Robin, maybe at a high level and then I want to dig down a little more precisely. But I'm most interested in changes of behavior long-term because of COVID. And we've seen this in some of our other companies in other spaces. It's fundamentally changed the way people view certain aspects of life, work remotes, and you can think of a lot of things that are clear long-term beneficiaries.

When you look at your business and you look at your -- you've used the phrase phygital, right, a combination of digital and physical presence. Has this -- has the presence of COVID, particularly as it relates to EbixCash business, accelerated the transition to more of a digital approach and clearly, physical lockdown? But just -- what do you see as the long-term lasting impacts, particularly with respect to the digital and physical aspects?

Robin Raina^  Thanks, Jeff. So let me go about it in the reverse order. I've already talked about obviously the leveling the ground and work from home. So I just kind of partly answered your question during my talk.

But coming back to your question regarding phygital versus digital. Remember that the -- phygital means we have always been digital, that we are taking physical establishments and converting them into digital. Now I still believe that while nothing stops us from being as digital as we want it to be, today, one of our single-biggest trend says we are sitting in the last mile in every corner of the country. That by itself -- look, meaning it -- ultimately, we had -- we landed up in a situation where there were curfews imposed.

If the government had even allowed people to walk, even go 100 meters away or go 0.5 mile away, you would have -- basically, that's how EbixCash outlets are. That's a very -- that -- it's an unforeseen period that we have seen, that I would hope doesn't happen again in terms of -- you're not going to see a period where -- even if people stop wanting to go out, you're not -- you're rarely going to see a period where curfews are imposed.

I think if curfews are being imposed all through, then we won't have a life. So I wouldn't base my business model on the fact that people can't even walk for 0.5 mile or take their vehicle and go 0.5 mile away.

At the same time, remember, our strength is we reach our client in any manner that the client wants to reach us. We're not forcing people to just do a phygital transaction. We are digital. We are available over the cloud. We are available on phone devices. We're available on any handle device that the consumer is using or a business is using. So remember that even from a business perspective, we, on one side, have B2B products, wherein we are powering the technology, our back-end providers, whether it is all the traditional Ebix businesses or whether it is our EbixCash B2B businesses, where we provide the technology.

But on the front-end side, if you -- we are reaching out to our folks through every manner that we can reach out to our people, whether -- if you're going to be at the airport, we are going to be there. If you're going to be at a duty-free shop, we are there. If you go to a bank -- remember that when we say EbixCash outlets, one of the things sometimes people get confused with, these are -- for example, we have 50,000 bank branches as our outlets.

So these are bank institutions where people are going to go. We're not still at the point of time where people are going to only be doing digital e-banking transactions. And even if they do that, we have all the relationships with these banks to be able to handle a transaction.

So our being phygital is an add-on, either working -- something that provide either working to the consumer. At the same time, it's not the only way we work. We work through any particular way that we can reach out to the business, to the consumer, to the franchisee, to the back-end business and so on.

Jeff Van Rhee^  Great.

Robin Raina^  Sorry. Go ahead.

Jeff Van Rhee^  No. That's great. (inaudible)

Robin Raina^  Thank you. So from my perspective, Jeff, it is -- the COVID-19, as I talked through my talk, it has leveled the ground in many ways. And I can't underemphasize -- or I can't stop talking about it simply because it is one area where people have gone crazy in terms of subsidizing their customers. And today, that ability to subsidize their client partly has been taken away because financial institutions, the private equity groups are not willing to support them to that degree.

What it has also taught us is, you need to have systems over the cloud. A lot of these businesses are seen as distribution businesses. They don't leverage technology as well as we do. We are on the cloud business. Everything we do -- for us being SaaS or being available anytime, anyplace, anywhere, this journey started in 2001.

We were SaaS-enabled in 2001. For us to be going -- being available over the cloud is a way of life. And today, that gives us an edge. So when our employees were moving home, for example, we were ready because we had secure systems. Companies weren't. It was very difficult for them to move systems back home because now you have to provide a secure means of doing that business, which is acceptable to your end client.

And that doesn't happen overnight. You need to be prepared. And this is where we have always been -- in a way, we have always been SaaS-enabled. We've always been over the cloud. And in a way, that's made us ready for crisis situations like this.

Jeff Van Rhee^  Makes sense. So maybe just to jump in a little more specifically then, Robin. Obviously it's a pretty dynamic environment. I think virtually, anybody has been in to this degree before. When you look to your EbixCash business, and I know you've done a lot of stress testing with respect to how each of the revenue lines behave, 2 questions there. One, how do you think about the floor? I mean assuming June is -- somewhere in June, we start to emerge from lockdown. You'll immediately get incremental revenues from travel and remittance and ForEx. So assuming the June quarter is the floor, how do you think about a worst-case scenario for a June quarter EbixCash at this point?

Robin Raina^ That's a very hard question to answer, and I hesitate to give you a reply on this because it's an impossible question at this time to answer. Because COVID is -- as it emerges -- see, it might be a moot question because as I sit here, government of India just announced in the last 0.5 hour that they're opening trains beginning tomorrow.

They're opening airlines beginning 18th. So it might be a moot question personally because it's very hard for me to predict anything from that perspective in the -- or in the travel or foreign exchange side of the business for June, for example. I think, we'll have to wait and watch how this really open this about.

Now the simple facts are rather simple, that anything that is technology-oriented is a locked business for us. The businesses where -- which get impacted by COVID in EbixCash are going to be travel. It's going to be ForEx. It's going to be remittance. So let me tell you the trends in each one of these. So remittance business went down quite sizably in the month of -- in March and April both.

March and April were both terrible simply because one of the key drivers of remittance business is migrant laborers sending money, mostly from the Middle East back to India. And a lot of these migrant labors were either furloughed or didn't have enough money to send. And even if they had the money, there was no outlet they could go to, and they're not technology-savvy, in any case.

So having said that -- on both the curfews were on both sides. So that business got impacted. But then, I'll also walk you through -- in the last 1.5 weeks, we have seen remittance business continually keep increasing beginning May 3. Beginning May 3, as Government of India declared it as an essential service, the remittance business, and allowed all the establishments to open, we have seen a remarkable improvement in that business.

So we -- with the festival of Eid approaching, which is a big festival for the Muslim community, normally in May, tends to be a very high month for remittances, purely because of the festival of Eid. Money is -- a lot of money comes into India from these people sending it, from money being sent across by migrant laborers and by people across the world, especially in the Muslim community. So we expect May and June to start coming up pretty sizably. It's very hard to predict what that number will be, but remittance business is definitely looking up.

When we go in into the travel and ForEx businesses, you're basically saying travel and ForEx businesses could be as -- hypothetically, if there was no business in June, then you'll have 0 business. If there is no travel in June, then you'll have 0 revenues for coming out from travel. And you will still have some ForEx revenue coming out of stuff like education. Though it will also get partly impacted purely because of the fact that if schools aren't opening and the U.K. international students are being now told to not come in, they will accordingly delay their fees.

So look, it's very -- it's an evolving situation. And I can just say one simple thing overall, that whatever the -- if I had to do a stress analysis and say what's the worst-case scenario, I don't see Ebix losing money in a quarter. I think Ebix will still be solidly positive. Overall, I think you're not going to see us -- even from an India perspective, you're not going to see us with a hole in our financials in India.

And what does it translate into from a revenue perspective? That's a little bit difficult to answer because it's a very evolving one -- business right now because of COVID.

Jeff Van Rhee^  Okay. Fair enough. And then, maybe I can just shift over to the North American business. And I guess this is for you, Robin or Ash. If you look at the North American side, I guess, just 2 questions. This large distributor win, I think Ash said it would turn to revenue later in the year. Just curious if that is the original time line for that deal. Or was that expected to be revenue considerably sooner pre-COVID?

And then, also as it relates to the North American business. Sounds like -- I mean certainly, you've got a very long history on that side of the business of stickiness and understanding churn and how that business behaves in downturns. So the same question there that I asked you on the EbixCash side. The other sense of where that bottoms in June, if June is the bottom? I'm just trying to walk me through sort of how to think about that sequentially. Two questions there.

Robin Raina^  So I think I'll let Ash answer this in terms of details. All I will tell you at this minute is that we're very pleased with this distributor. We think it's going on faster than what we thought, and I'll ask -- Ash will answer it in more detail. It's one of the largest banks in the world or in the country. We're not right now allowed to give their names. At the right time, we'll disclose their name. This is one of the largest deals that have happened, as I said, in the market because of the network they bring with that. But Ash, please go ahead and answer this.

Ash Sawhney^  Yes. No. You're absolutely right, Robin. And I would say, overall, the plan was probably accelerated for the reasons I mentioned in my talk. Companies that are largely relying on manual processes are very quickly looking at their projects and trying to digitize their end-to-end process. Getting such a large distributor and along with them, a big network of carriers both on the annuity and on the life side, it's a pretty significant initiative. And we've got some pretty aggressive time lines, and those time lines have been accelerated actually.

Jeff Van Rhee^  Are you -- just to put a finer point on the numbers. I mean just -- are you able to put any bounds around how big that transaction can be for you on an annual basis? And then, just back to the other sort of June revenue picture versus virtually. Anything you can offer with respect to how this business behaves sequentially or where it bottoms?

Ash Sawhney^  Specific...

Robin Raina^ So Jeff, I will just...

Ash Sawhney^ Go ahead.

Robin Raina^ Sorry. Ash, go ahead. I mean all I was going to say about that, and Ash you can expand on it. See, it will be a multimillion-dollar deal. Annually, how many millions? I hesitate to right now give you a simple number. There are 7 or 8 different services involved in this. It's a complete straight-through processing solution. And at this point, for us to detail it out, wouldn't be right. And it's hard to kind of -- once again, there'll be stages to it.

On one stage to it is just doing the professional services work, getting them up and running. Then the second step of it is the transaction volume, the recurring business that Ebix is famous for. And both these -- on both sides, you're going to see multimillion-dollar amounts flow. Ash, you can add to it, whatever else.

Ash Sawhney^ Yes. Thanks, Robin. No, absolutely. That's -- the scope of what we are doing here is pretty broad, right? So even within annuities, for example, we'll be supporting core transactions. We'll be actually supporting their what we call AMP business, which is post issue, all the administrative transactions that flow through the system. We have our quoting capabilities embedded in here.

We have our agency management on the life side. It's going to support both proprietary products as well as off-the-shelf products. So the scope is very large. It's going to be very significant. But like Robin said, it's hard to sort of put a number to it as we speak.

The work has started in terms of the planning and transition. And it takes us 2 to 3 quarters to onboard a large distributor. And like Robin said, once they're onboarded, then we start to see the transactional flow coming in.

Jeff Van Rhee^ Yes. Yes. Well, great. Congrats to you, Ash, and the team there in North America. It sounds like the -- one of the biggest, maybe the biggest win in a long, long time for the space. Just 2 other questions, and then I'll jump off if anybody else has questions.

Robin, on the Trimax deal, can you just refresh us what the transaction, what the purchase price is, expected revenues? When do those revenues flow? And then, any other incremental color on Yatra? I mean I guess I hear you've sort of let the transaction -- it hasn't closed by the, I guess, expected date.

And you've let it lapsed. I mean any other color you can give us there in anticipation of how to think about the Yatra and the potential combination? So I guess, 2 last questions there.

Robin Raina^ Yes. Thank you. So let me first talk about Trimax. From a Trimax perspective, this is a bus exchange acquisition. So what they primarily do, Trimax provides solutions within a bus and at a bus depot.

So for example, if you go into a bus, you will use an EbixCash smart card. You'll wave that EbixCash smart card and pay for your ticket using firmware, using the device that's sitting in the bus. That bus -- that device will also count. There are other devices in the bus that will say, that 30 passengers, for example, sitting in the bus. And the bus depot -- online will know, let's say only 29 have bought tickets. And one person hasn't a bought ticket and so on. So it's a very online -- it's a complete traffic control system and an e-ticketing system and so on.

So every time a ticket is sold or bought anywhere, we make our money on every ticket virtually. And these -- they have around 18 states already as their clients across the country. And remember, there are 28 states in India. So they're a dominant player in that business. It's a very recurring business. When we did due diligence on them, basically, the revenue line that we thought that it would come through will be anywhere closer to between $25 million and $30 million in revenue.

In EBITDA terms, they were around 35% margins that we could see. We paid basically less than $10 million. At the current dollar rate, it's -- I thought -- I would have said $10 million, but now it is more like $9 million because the currency has -- Indian currency has devalued. So that, for a change, it has helped us. So we're going to pay around $9 million for the purchase.

As a part of the purchase, we also are inheriting 150,000 square-foot building in Delhi, which we have a base price that if we sell it, we give them only up to that base price. And if we get more than that or we decide to keep that building, that's ours. So we have -- that's the add-on to that specifics of that. We see that as a very lucrative acquisition because we are today in the midst of very large deals. When I say very large, I can give you a definition.

What I mean by that is, you see any time you get a deal, which is worth $10 million upwards, we consider that large. And basically, we have multiple deals in various states that range between, at a low side will be between $10 million to $15 million, and sometimes can go as high as $35 million and $40 million. And these are -- we wouldn't have been able to bid on those deals if we didn't have the technology that Trimax provides us.

So we see this as a very accretive and a sensible acquisition. So that's about Trimax. The courts basically issued an order on May 4. And so we are working now with -- there's a court process that we have to follow, and we are right now working with the court-appointed resolution professionals to follow all of that.

Coming back to Yatra. I've already said that basically, we -- the expiry date was May 4. The date hasn't been extended as yet. I can't talk more about Yatra simply because we --

whatever the next announcement is, we'll announce it at the right time. Whatever the announcement is, we are highly limited about what we can say at this minute because our attorneys -- and we've got to follow the confidentiality and the processes that we have to do between the both sides.

I can only tell you, rest assured that we want to -- we will always want to protect our shareholder rights in anything we do, whether it is Yatra, whether it is anything else. As I define my 3 criteria for any acquisition, look, they fit in any category. And we would -- we are very focused on our investor interest. And I couldn't answer more than that at this point in time.

Operator^  (Operator Instructions)

And there are no further questions at this time. And I'm sorry, we do have a question on the phone line from Joel Tillinghast.

Joel Tillinghast^  Can you talk about your balance sheet comfort? A lot of us are concerned about the current GAAP level in the sort of patchy financing environment that we've tendered. Afraid that you'll blow up the balance sheet with acquisitions.

Robin Raina^  So Joel, I'll let Steve answer this. But before he does that, I want to, first of all, I want to thank you for all the support that you've given us over the years. I have to -- and I'm pleased and honored that you're part of this call.

But Steve, please go ahead and answer this question.

Steve Hamil^  Yes. So a couple of comments I'll make. One, I mentioned that we amended our senior secured credit facility, and we feel like that was a prudent action on our part. And we got great support from our bank group to provide us some flexibility for the unknown, which is this pandemic. So we feel good about kind of where the terms of that credit facility are today. That amendment closed last week.

And then as I mentioned in my prepared remarks, our available funds and access to us today is close to right -- it's right at $100 million at March 31. And if you look at today, I want to say that number was closer to $115 million. So we've got substantial cash resources at our hands. And we're generating positive cash flow, as we illustrated with almost $30 million of operating cash flows in the first quarter.

Now we are operating under substantial uncertainty with COVID-19, but we've also done some forecasting that's where we've sensitized kind of the what if. And right now, I think, as Robin said, we feel confident that we're going to make it through this next quarter, generating positive income and -- operating income and net income.

So right now, as we see the world today, we feel comfortable not only with our flexibility under our primary debt facility, but also with the cash we have on hand and our operating cash flows.

Robin Raina^  So Joel, just to add to what Steve just said. We feel that as we look at some of the newer inorganic opportunities, we feel we have the means to generate money for those. Even if those are beyond where we are today, we feel when you have -- if you make sensible acquisitions, which can generate high amount of cash flows, there are ways to fund those, without causing increased debt on the company.

I wouldn't go into more detail beyond this, but we have heavy interest from all kinds of parties who would like to team up with us, who would like to get involved with instruments that are absolutely not that intensive or are not dilution-intensive, but can provide enough ammunition to the company, if we needed that ammunition to make a larger-sized acquisition.

Operator^  And there are no further questions at this time.

Robin Raina^  Since we don't have any further questions, I will close the call. And thanks, everyone, for participating in this call. And we look forward to speaking to each one of you during the second quarter investor call.

Thank you.

Operator^  This concludes today's conference call. You may now disconnect.