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Moderator: Robin Raina
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10:00 am CT

Operator: Good morning and welcome to the First Quarter Investor Call 2008 Ebix.com conference call. At this time I will turn the call over to Mr. Robin Raina. Sir you may begin.

Robin Raina: Yeah hi. Good morning gentlemen. Thank you for attending Ebix 2008 Q1 investor conference call. I have also have with me Ebix CFO Robert Kerris. Q1 2008 results were announced a few days back. Our Q1 2008 results were announced a few hours back. Let me summarize those results for you.

Q1 2008 results were yet again record results, the best ever in Ebix history in terms of diluted EPS. To compare these results to our best results you will see that the company has continued to show consistent growth. Each of the last many quarters has been a record result with each quarter beating all the preceding quarters in our 32 year history of the company.

Let me first spell out the results for those of you who might have missed the release or are going to hear this call later. Ebix reported total revenue of $16.64 million for the quarter compared to $9.02 million for the first quarter of ’07 marking an 85% increase in revenues. The company’s operating income for the quarter rose 174% to $6.14 million as compared to $2.24 million in the first quarter of 2007.

Net income after taxes for the quarter rose 189% to $5.67 million or $1.40 per diluted share, up from $1.96 million or 61 cents per diluted share in the first quarter of ’07 resulting in earnings per share growth of 130%. Results for the first quarter of ’08 were based on 4.15 million weighted average diluted shares outstanding as compared to 3.21 million in the first quarter of ’07. Basic earnings per share in the first quarter of ’08 rose 141% to $1.66 as compared to 69 cents in the first quarter of ’07.

The company’s operating expenses for the quarter grew by 55% to $10.5 million as compared to $6.78 million for the first quarter of ’07. The company attributed the increase from early to the acquisition of IDS and Telstra eBusiness in November ’07 and January ’08 respectively.

So how do we at Ebix or I personally perceive these results? From my perspective these results are just another step forward. As the CEO of this company I see my role as creating sustained, long term shareholder value. Towards that extent this quarter is another small step forward. My belief is that long term shareholder value can only be sustained if our business has a few key business elements.

One, we need to fulfill a business need in a manner that makes us almost the engine that follows fulfillment of that need. This engine need not be in the forefront but it needs to be like a router on a network card in a network without which it is difficult to deploy a network. While building a network the focus is on deployment of the network -- the router and Ethernet card are never discussed as they are necessities that do not warrant a discussion.

We feel Ebix needs to power transactions in a similar manner with the need for Ebix services ideally considered a (unintelligible) essentiality. That's where we would like to take Ebix in the insurance market as a B-to-B powerhouse of transactions. We obviously have a long way to go before we get anywhere close to that objective.

Two, our revenue streams need to be recurring as much as possible, ideally upwards of 90%. This goal is rather linked to the first goal. If we are a powerhouse of transactions then recurring revenue will flow by itself. Again we have work to do before we can get to that mark.

Currently our margins need to be consistently higher than 35%. On this criteria we're doing okay at present but we do not have enough of a history to say with confidence that we have achieved this goal or could say with absolute certainty that we could produce margins each quarter that are more than 35%. We need to watch our costs rather carefully and balance that cost pressure with the right amount of investment in the future so that we are continuously investing in the future without taking huge risks.

Fourthly, we need to keep investing in innovation. We need to take our competition seriously and need to keep making consistent efforts to be a few years ahead of our competition in terms of technology, depth of functionality, and also in terms of how we provide these services. This goal is more of a journey rather than a destination.

Fifthly, the insurance markets worldwide are fragmented, disjointed, and need increased standardization in terms of service offerings. That is a rather difficult goal but in my view I see the opportunity. The fact remains that there is no one dominant player in the insurance services market worldwide or for that matter in the United States. That's an opportunity that Ebix needs to go after by positioning itself as a player that can offer a wide range of services to the insurance market under one roof while converging services, regions, and channels in insurance.

When I look at these five goals and evaluate Ebix today it's a rather humbling feeling as I realize that we have a long way to go and that we're just getting started. The good news from my perspective is that we realize how far we need to go and that we made a rather good start.

Q1 2008 was challenging since it was the first quarter after the acquisition of Telstra eBusiness. We are pleased with the fact that we now own an exchange in Australia that conducts approximately 80% of P&C e-commerce transactions in Australia. We see this as an opportunity to expand this exchange to smaller underwriters, insurance carriers, and brokers in Australia besides expanding the service offering through life, rating, reinsurance, etc. We are pleased with our integration success until now and also with the enthusiastic response by the customer base in Australia.

Q1 '08 was also the first complete quarter for our other acquisition idea that we acquired in November '08. We have successfully moved a majority of IDS development to India and are pleased with our success on all fronts related to this business as of now. Subsequent to the quarter end we acquired one of its competitors, Portland, Michigan based Periculum. Our intentions are clearly to consolidate the insurance certificates tracking industry and create economies of scale that are good for us and also for our customers.

Our business is continuing to evolve and strengthen with each quarter. We expect 51% of our revenues in '08 to come from exchanges; 27% from broker systems; 11% from carrier systems; and 11% from BPO services. Our exchange business continues to evolve. We conduct almost $36 billion in annuity premiums annually now on annuity exchange. We conduct in excess of 12 million transactions annually on our life exchange now.

And of course as I said earlier we conduct 80% of property and casualty e-commerce transactions in Australia now. We are presently deploying an exchange for property and casualty in Netherlands and so on. We need to evolve the Ebix exchange name worldwide and deploy such exchanges in Europe, Asia, Africa, and increase our range of services in the United States.

So what is next? We are looking to expand our exchange offerings getting to claims inquiry, billing inquiry, consolidation of the certificate tracking market, make an entry into the employee benefits arena. All of these individually are large opportunities and we intend to pursue each of them.

I am increasingly being asked nowadays how we see our recent stock price increase and the possibility of a stock split. The answer to that question is rather simple. We need to keep everything in perspective. In 1999 this company had a history of not having a single profitable year in its 23 year history of existence at that time. In spite of that history and a $19 million loss that year, the stock price in January 1999 was $16.41. That January 1999 price translates to a stock price of approximately $131 for split since we had a 1:8 reverse split in August of 2002.

As I see it, our results today have dramatically improved but our stock price presently is still a lot lower than that price of $131 which we had in 1999 with Ebix having a loss of $19 million that year. So if you were in my place I am guessing you could not be enthused by the present stock price and you would be quite careful and you would be thinking of the investors who made that investment in the pre-1999 period since those investors still haven’t had the return that they deserve.

I get often asked the question about a stock split. It has to be valued by any board especially the Ebix board since Ebix has had two reverse splits in the past -- 1:5 in May 1998 and 1:8 in October 2002. And the board could consider the possibility of gradually reversing what was done in that era. Let me add at this point a split is just a possibility like not doing a split is a possibility. We will address this issue with the board one way or the other soon.

We are focused today on many opportunities -- cross selling our products across different markets, growing our presence in international markets, identifying newer acquisitions in markets where we want back door entries to establish ourselves, increasing our leadership space in certain areas to help launch newer products and services to that market. While doing all this we are continually strengthening our resource base around the world in addition to designing newer cutting edge products that can keep us a few years ahead of our competition.

As always the audio transcript of this and any of our previous calls can be heard and downloaded from the investor home page on the Ebix site, www.ebix.com, after 2:00 pm Atlanta time today. Also I would encourage you to visit the comprehensive investor home page on the Ebix site with a view to providing a one stop place to analyze Ebix from an investor perspective. With that I'm going to hand it over back to the moderator to open the call for questions. Thank you.

Operator: At this time I would like to remind everyone in order to ask a question please press Star then the number 1 on your telephone keypad. We'll pause for a moment to compile the Q&A roster. Again if you would like to ask a question please press Star then the number 1. Your first question comes from the line of Richard Linhart of Opus Capital.

Richard Linhart: Thank you. Hi Robin, congratulations on another great quarter.

Robin Raina: Thanks Richard.

Richard Linhart: It looks like with the recent stock repurchases and issuances that you may be getting close to bumping up the limit on the revolver facility. I'm wondering if you can tell us anything about future financing plans going forward given the fact that you've been an inquisitive company and opportunistic in that regard and probably have an ongoing need for capital.

Robin Raina: Thanks Richard for your question. I think at this point all I could tell you is that, you know, all options are out there on the table meaning we can always increase our credit line. We have a number of banks who would be keen to help us do that. Rates are good at this time so that's always an option that we are looking at. And of course we're generating a decent amount of cash every month and so that's also helping us. So in terms of funding our future growth, I mean, there's all kinds of possibilities and one of them is clearly to increase our credit line.

Richard Linhart: Okay, thanks Robin.

Robin Raina: Thank you.

Operator: Your next question comes from the line of Vincent Capozzi of First Montauk Securities.

Vincent Capozzi: Yes, hi Robert. Thank you for a beautiful quarter that you just had. My question is basically similar to the first question is I see that you have a negative working capital situation and I would imagine that you, I mean, I don't know but over the last - over the next quarter or two do you plan to pay down some of this debt or do you still think you can acquire companies in the next quarter or two?

Robin Raina: Well I could not for in specifics give you an answer and say yes we're going to acquire a company in a quarter or two. But I will tell you this, that we are actively looking at some acquisitions and we think we have - we think we do have the means to be able to fund these acquisitions between the cash enrichment abilities that we have and also between an increased credit line we are able to - we would be able to fund it.

Vincent Capozzi: Okay now also I see that you have $20 million worth of convertible debt on your balance sheet. I'm assuming that's convertible bonds?

Robin Raina: That's convertible debt as you said.

Vincent Capozzi: All right and can you tell us what the interest rate is and what the stock price is on that?

Robin Raina: The interest rate is 2-1/2% and basically the way that it was taken at a price of $63.40 I believe and pretty much once the stock trades I believe about a particular price, I think it was $80 something is the price where if it trades for more than an X amount of time I can't recall the amount of time, once it trades beyond that price for X amount of time it is immediately exercisable.

But beyond that it is - it's got a two year coupon on it and invest and they have the choice to exercise or not. And as you can imagine it is a decision they will have to make with the price presently being a lot higher than what they took the price at.

Vincent Capozzi: I see. All right so you feel that you're - with your cash flow this quarter was actually less than your net income but you feel that your cash flow is so good that the debt on your balance sheet isn't a problem?

Robin Raina: Well cash flow is a pure timing issue as you know meaning we have just made a large size acquisition meaning we just made one of our largest acquisitions ever and when you make an acquisition of this size meaning for you to immediately put your cash cycles immediately in place in terms of collection of money it takes a bit of time and that's what you see. It's purely timing. So otherwise yes, this has been a pretty good quarter from our perspective.

Vincent Capozzi: Okay. All right, thank you very much.

Robin Raina: Thank you.

Operator: Again, if you would like to ask a question please press Star then the number 1 on your telephone keypad. Your next question comes from the line of Dave Covas of Oberweis.

Dave Covas: Yeah, how are you doing? Very strong quarter.

Robin Raina: Thank you Dave.

Dave Covas: I just had a couple of questions for you. Can you talk a little bit about just how the integration of Telstra is going relative to what you kind of expected going into it or relative to some of your previous acquisitions? And then I don't know if you can give contribution from them in the quarter or just trailing numbers like revenues and margins for Telstra?

Robin Raina: I could talk in general terms with respect to Telstra. Basically Telstra eBusiness, we walked into the Telstra eBusiness basically to make sure that it was accretive on day one. We wanted to - we saw - we have already announced their previous numbers, you know, what they used to do in the past.

Some of it was a bit I would like to say misleading in the sense that Telstra eBusiness numbers in the sense that some of the Telstra was funding some of the transactions and not really - there was no cost associated with those. So really their income from what was presented in our - in the previous years was a bit lower. However we remain quite bullish about Telstra eBusiness now called (Sunrise) Exchange*, part of (Unintelligible) Exchange Australia now and the exchange is called - the particular products have been called (Sunrise).

We remain quite bullish about it. We see it as an opportunity in terms of launching some of our newer services like in the life area, in terms of rating area, expanding the - where they were failing in the past is while they had gone to the market but they were defining the market. They were setting the market so the market size has to be expanded.

So why was the market size not expanded? The market size was not expanded because they made it into a Rolls Royce of the market so smaller insurers, smaller underwriters couldn't afford it. And the technology was built in that manner. So what we had done, we had built our own technology which could - basically was a lot more cost effective, is a lot more cost effective, can be

** Sunrise Exchange is now EBIX EXCHANGE - AUSTRALIA* deployed with some of the lower - can be targeted at the lower tier of the market.

So when you combine that product set that we have built with what they have built and now combine it together, you suddenly have a much more expanded market offering. Also it helps us sell more broker systems. It potentially should help us sell carrier systems, it should help us launch newer services because we will have a decent size of the market.

So Telstra from a perspective of Q1 '08 was definitely strongly accretive. We have not declared any specific numbers on Telstra eBusiness per se because the way we integrate some of these businesses, we immediately integrate them pretty tightly into our existing operations in Australia and basically put them together.

There's a bit of, you know, cross kind of pollination in terms of revenue with respect to the present Ebix Australia and Ebix Exchange because you give up on something and you take something and so on. And however I would suffice to say that Telstra eBusiness has been strongly accretive for our shareholders in this quarter.

Dave Covas: Okay great, great. Thank you for the detail there. And I just had one other question on the - you had a really strong operating margin in the quarter and I'm just curious with, you know, the integration of Telstra with the goal you gave for breakdown of revenues for the year and combining all that with investments you're going to make in the business, you know, how sustainable is that?

Robin Raina: Well operating margins, our goal has always been to be at a 35% or more higher number. Now how sustainable is that? I think only time will tell. I could not - we have a history of not giving guidance or guaranteeing anything and I will not hesitate to give any guarantees right now or say with absolute certainty. I will however say that our goal remains 35% or higher.

We do expect - you'll see in coming days, this is a balance you draw, we will - on one side we want to expand our business. On the other we will keep reducing costs meaning as we add - for example as India gets more in the mix of this the costs are bound to go down a little bit - are bound to go down for Telstra eBusiness as some development starts moving out there.

So but at the same time we intend to make selfish investments in Australia to make sure that we can expand the market size sizably. So we'll have to, you know, walk that line in a very balanced manner. Our goal as always remains to produce margins of 35% or more. You know, I will - our future will tell whether we actually achieve it or whether we beat that.

Dave Covas: Okay well great job in the quarter, thanks.

Robin Raina: Thank you.

Operator: Your next question comes from the line of Dave Heger of Kennedy Capital.

Dave Heger: Okay thanks, the first question is did Telstra eBusiness, did that - the revenue cover the entire quarter or was it just a partial quarter?

Robin Raina: No it was a complete quarter.

Dave Heger: Okay and then as far as other markets, it sounds like you have a pretty strong platform now established in Australia. Is your goal to do something similar like in the European market and are you potentially in the Asian market and are you seeing potential acquisitions that could help you establish a foothold in some of these other markets?

Robin Raina: Dave, thank you for a great question actually. (Unintelligible) in the Australian markets meaning we own 80% of the broker desk stuff. There is - we see huge opportunities in Australia. Let me tell you one of the opportunities that we see is in terms of a new look at these insurance companies for whom we are a very strategic partner now because we provide the markets to reach out to their brokers to sell their services and clearly it's a very strategic relationship on both sides.

Now we feel we can expand this relationship in sizable numbers in terms of revenue for us and by launching consulting services in Australia. So one of the key initiatives that we have taken up in the last three months in Australia is to launch a consulting focus group, a very strong effort on trying to go after the consulting business with some of these insurers in Australia. We see - we feel there are big opportunities in the consulting and BPO arena in Australia besides clearly expanding the exchange and so on.

To answer your second part of the question, to give you an example we are presently deploying an exchange in Netherlands, in (Auckland). We have - we are working with a few insurance companies. It's not a large market in Netherlands but there are mainly four large insurers. We have basically teamed up with all of them to build an exchange. So that's one of the things that we are presently at this minute building and we expect to deploy that sometime this year.

In terms of Asia and Europe there are huge opportunities especially in Europe to start with. We feel there are lots of opportunities in the P&C arena, in the life arena in Europe. So however their opportunity as you likely said has to be through an acquisition. You can't suddenly walk into a market and start building exchanges from scratch so we'll have to find a back door entry.

So clearly that's what I meant when I spoke about and as I was speaking I was talking about Ebix Exchange name being evolved all across Europe, Asia, Africa. That's our - it's going to be an extremely strong effort from our side in terms of evolving the similar - we want to replicate the Australian model basically given a choice all across the world but it's going to take a lot of effort and that's what we intend taking up.

Dave Heger: And are you seeing any central targets that might allow you to get that type of foothold in the European market?

Robin Raina: Yes we do. I mean, I obviously can't talk about names here but yes we do see opportunities in European markets that do arrive. The European market is again a bit disjointed in a sense that there is no one solution that would give us dominance in Europe. It would have to be a country specific approach. So you have to look at what other countries their insurance is a major part of economy. Their transactions would be large. And that's - those are the countries you want to target. And in those markets, in each of these markets there are exchanges that would be very interesting to us.

Dave Heger: Okay thanks.

Robin Raina: Thank you Dave.

Operator: At this time there are no questions. If you would like to ask a question please press Star then the number 1.

Robin Raina: Okay at this point since there are no questions we will finish the call for today. Thank you everybody for being on the call. As always we'll look forward to speaking to you next as we announce our second quarter results. Thank you everybody.

Operator: Thank you for participating in today's conference. You may now disconnect.

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