



Redknee (TSX:RKN)

FOURTH QUARTER FISCAL 2011 RESULTS CALL

December 1st, 2011

REDKNEE
Innovate. Personalize. Profit.

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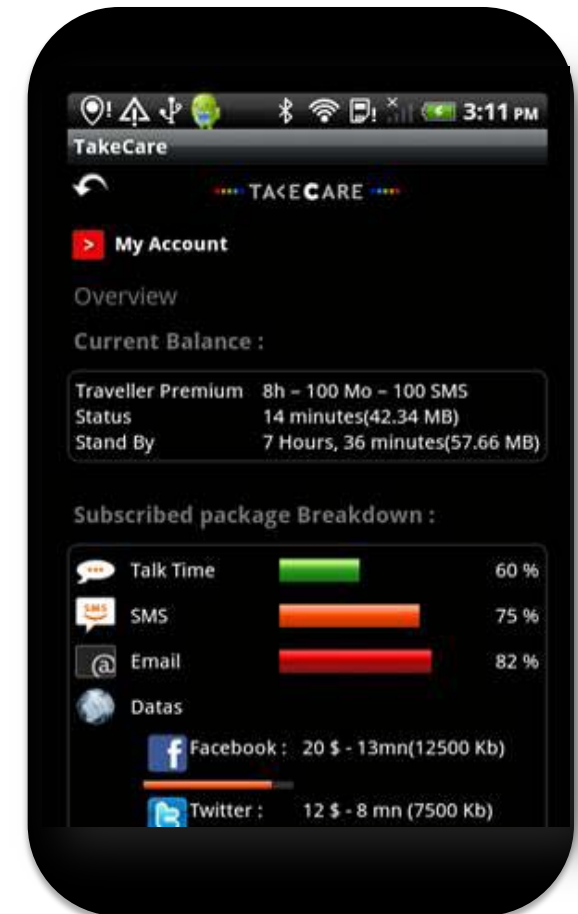
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What We Do

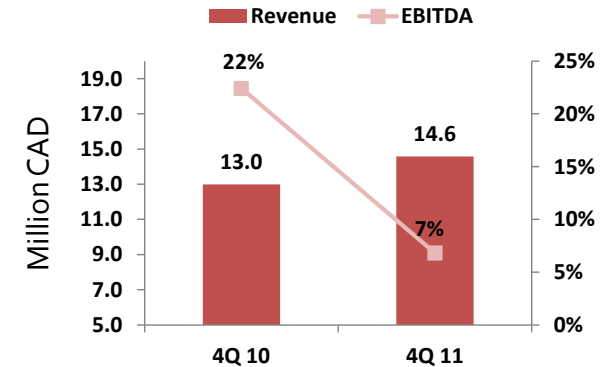
- ▶ **Leading provider of real-time converged billing & customer care software** for service providers
- ▶ **Billing for all transactions** (content, data, voice, etc)
- ▶ **Billing & Customer Care for all subscriber types across any communication platform**, including wireless, landline, broadband, cable and satellite
- ▶ **90+** customers across **50+** countries
- ▶ **100+** patents filed with **30+** granted



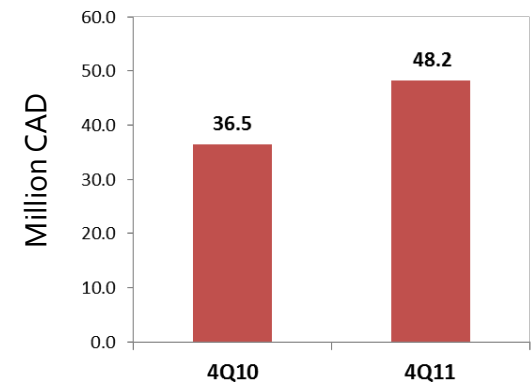
Fourth Quarter Fiscal 2011 Highlights

- Revenue of \$14.6M (Q4FY10: \$13.0M)
- Backlog of \$48.2M
- EBITDA profit of \$1.0M (Q4FY10: \$2.9M)
- Strong recurring revenues (45%)
- Strategic Highlights:
 - Entered into two new markets with multi-million dollar term contracts in Latin America and Japan (post quarter end)
 - Added new TCB customer in Americas, while expanded business with Tier-1's in EMEA and APAC through multi-million dollar deals
- Cash of \$16.3M

QUARTERLY REVENUE



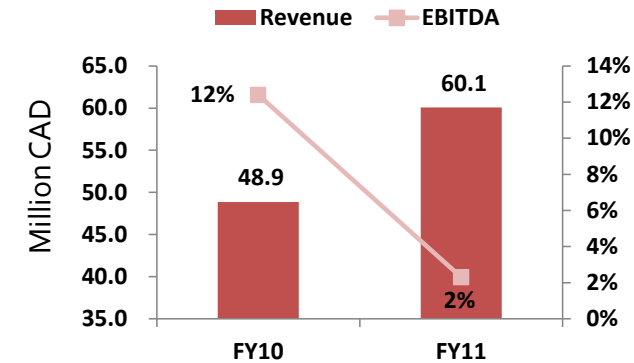
BACKLOG



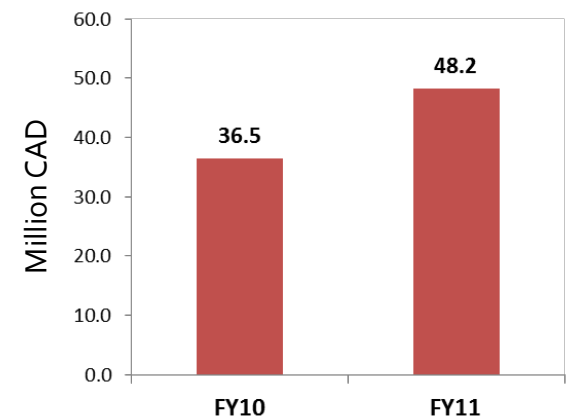
Fiscal 2011 Highlights

- **Revenue of \$60.1M (FY10: \$48.9M)**
 - Constant currency \$62.0M
- **EBITDA profit of \$1.4M (FY10: \$6.1M)**
 - Excluding one-time charges: profit of \$3.7M
- **Recurring revenues of \$24.3M (FY10: \$20.2M)**
- **Strategic Highlights:**
 - Increased footprint with Microsoft Dynamics CRM by securing multiple converged billing contracts
 - Signed a global partnership with Tech Mahindra, a global systems integrator for communications service providers
 - Secured six new converged billing customers across Americas, EMEA and APAC regions
- **Cash of \$16.3M**

LTM REVENUE



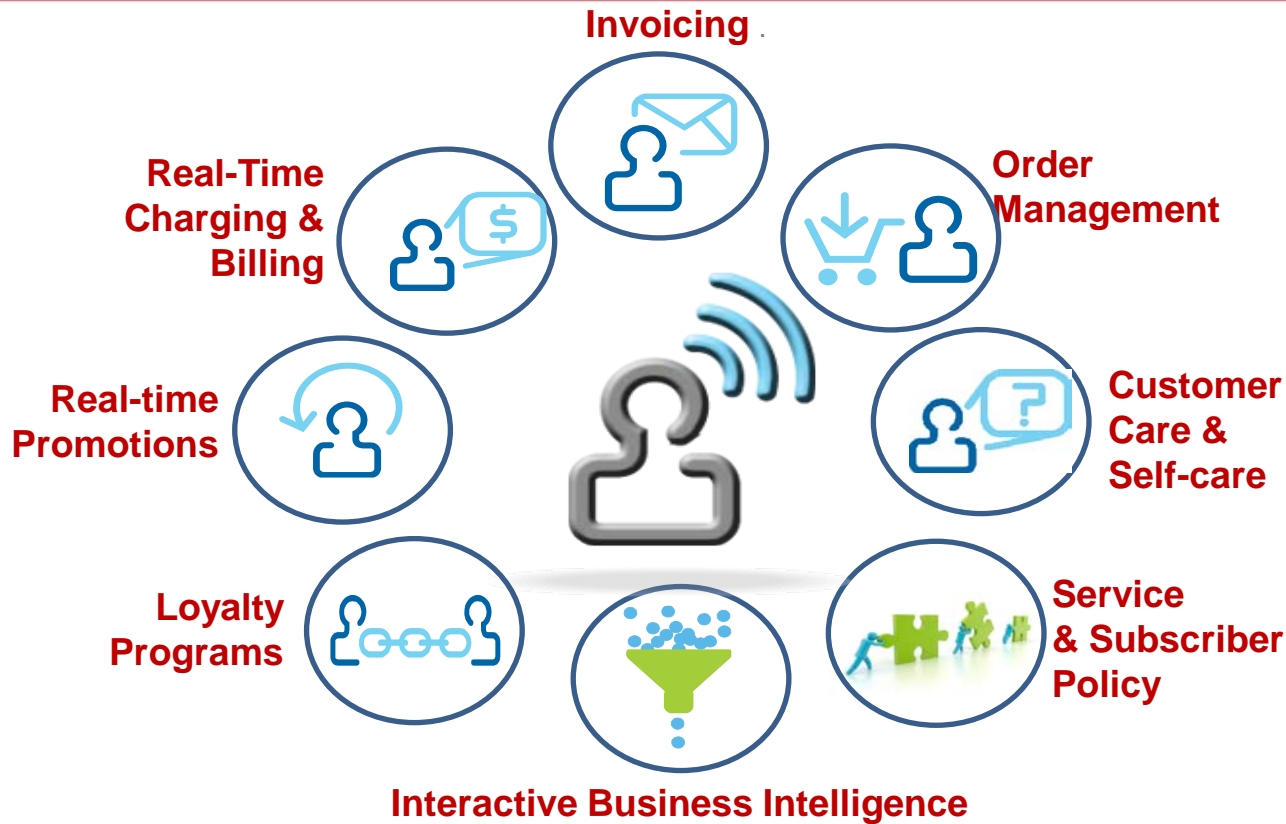
BACKLOG



Redknee's Long Term Measures of Success

- **Continued expansion of our business-critical solutions to our global customer base**
- **Market share growth in our addressable markets**
- **Growing recurring revenues**

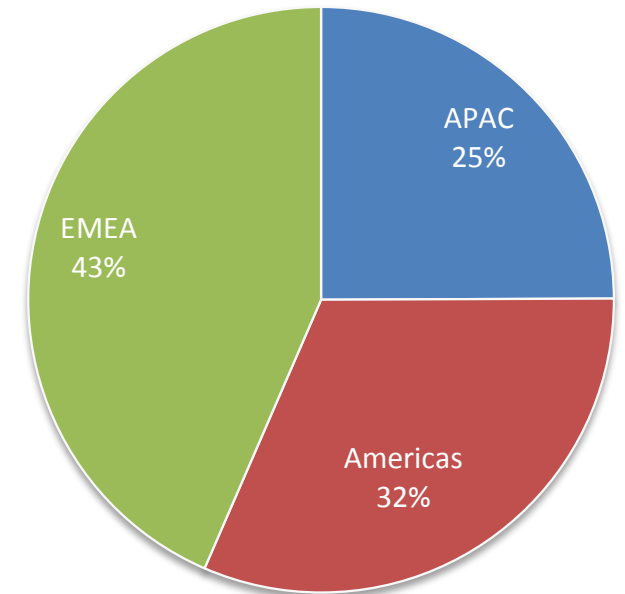
Redknee's Business-Critical Solutions – Real-Time Converged Billing



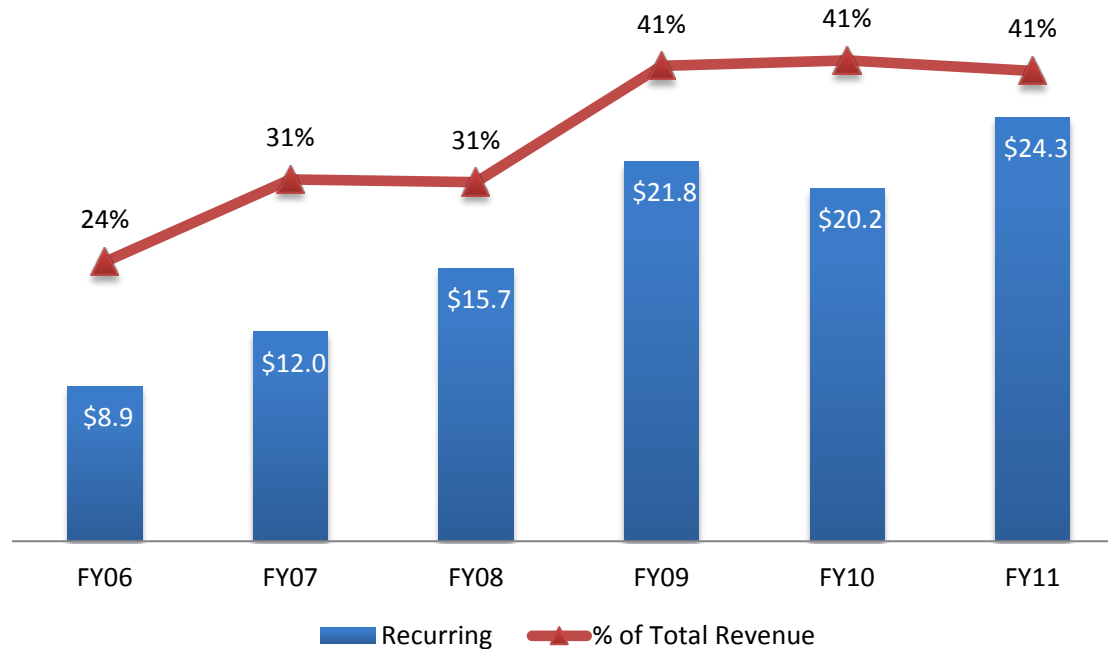
- **Real-time converged billing is our focus – 90%+ of LTM revenues**
 - Tier-1 sub-brands, MVNOs and multi-country group operators
- **Compelling & competitive product portfolio with 100+ patents filed**

Redknee's Market Share Growth

- **Market share focus**
- **Notable in Fourth Quarter**
 - **Entry in to LATAM and Japan with TCB, and added another service provider in North America**
 - **APAC & EMEA Tier-1 upgrade & expansion with multi-million dollar contracts**
- **Six new TCB customers in FY11**



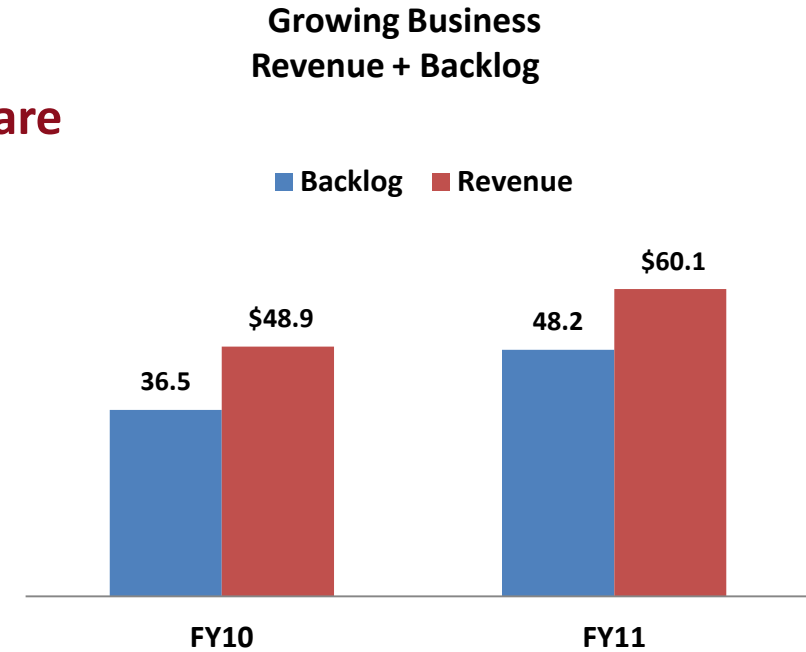
Redknee's Recurring Revenues



- **Recurring revenues**
 - **Support & Maintenance Agreements**
 - **Software Subscription**
 - **Term based product licenses & cloud offering**
- **Recurring revenues were 41% on LTM basis (20% growth YoY)**

Fourth quarter FY11 Summary

- > Leading provider of **real-time converged billing software**
- > **Growth of mobile & IP data traffic** driving demand
- > **CAGR of 17%** in real-time converged billing
- > **Backlog of \$48.2M** and growing
- > **Growing recurring revenues**
- > Strong balance sheet with **\$16.3M cash**
- > Monetization of **100+ U.S. patents assets**



Q4 FY11 Financial Summary

(CDN 000's)	4Q 11				4Q 10				FY 11				FY 10			
			\$ Change	% Change			\$ Change	% Change			\$ Change	% Change			\$ Change	% Change
Revenue	14,579	12,992	1,587	12%					60,073	48,870	11,203	23%				
COGS	5,080	3,541	1,538	43%					21,317	13,107	8,210	63%				
Gross Profit	9,500	9,451	49	1%					38,756	35,763	2,993	8%				
S & M	4,373	3,065	1,308	43%					15,959	12,548	3,411	27%				
	30%	24%							27%	26%						
G & A	2,087	1,866	221	12%					9,789	7,638	2,151	28%				
	14%	14%							16%	16%						
R & D	1,923	1,765	158	9%					12,108	9,950	2,158	22%				
	13%	14%							20%	20%						
Amortization	392	291	101	35%					1,785	777	1,007	130%				
Foreign Exchange Loss (Gain)	(579)	444	(1,023)	-230%					66	1,680	(1,614)	-96%				
Income (loss) from Operations	1,303	2,020	(717)	-36%					(952)	3,169	(4,121)	-130%				
EBITDA	995	2,910	(1,916)	-66%					1,384	6,057	(4,673)	-77%				

1) EBITDA = Income (Loss) from Operations, plus foreign exchange gain (loss), amortization and stock-based compensation

Q4 FY11 Financial Summary - Revenue

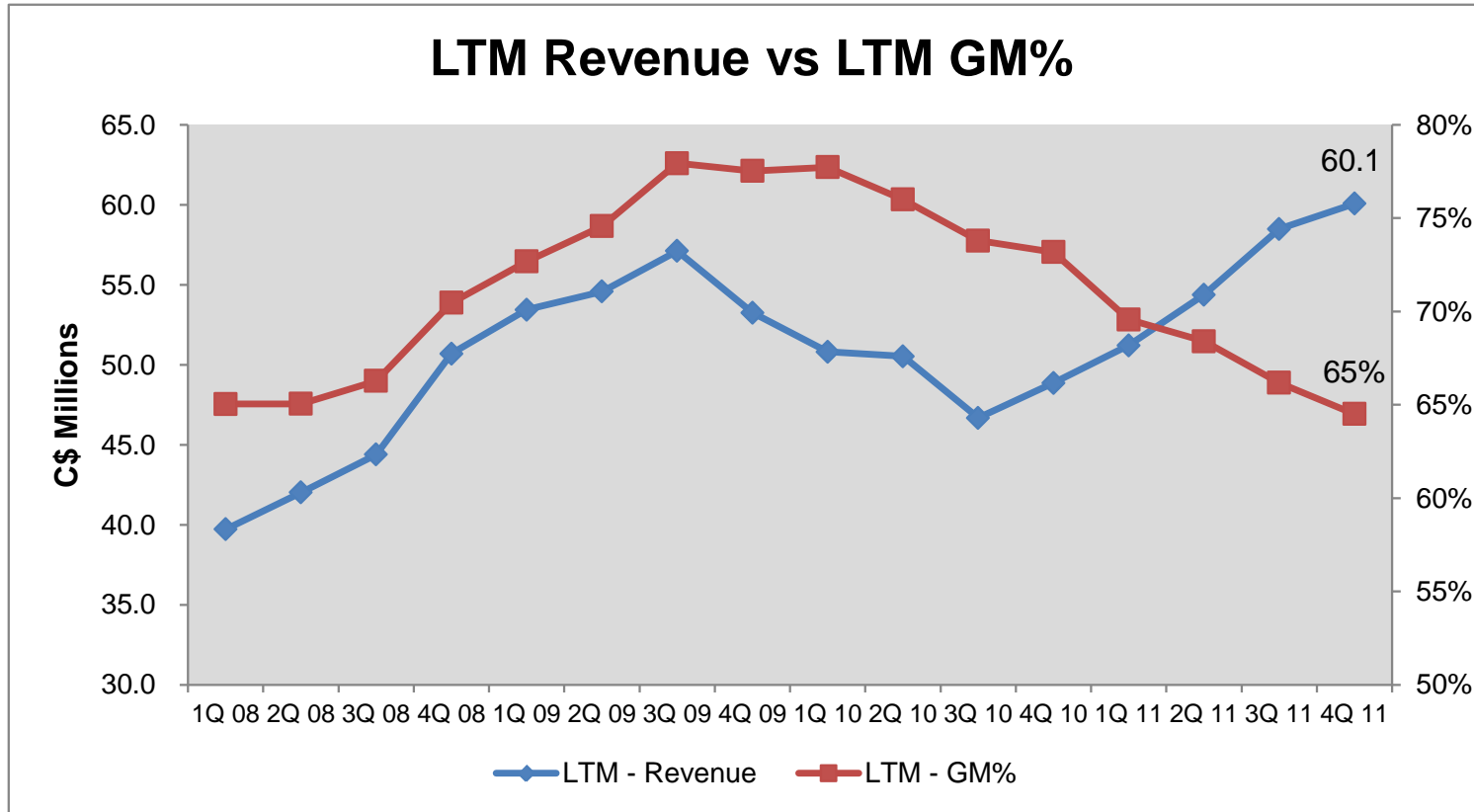
(CDN \$000's)	4Q 11	4Q 10	%Δ	FY11	FY10	%Δ
Software and Services	7,541	7,650	-1%	33,357	27,360	22%
<i>%of Total</i>	<i>52%</i>	<i>59%</i>		<i>56%</i>	<i>56%</i>	
Third Party	1,102	267	313%	4,353	2,454	77%
<i>%of Total</i>	<i>8%</i>	<i>2%</i>		<i>7%</i>	<i>5%</i>	
Support and Subs.	5,936	5,075	17%	22,363	19,056	17%
<i>%of Total</i>	<i>41%</i>	<i>39%</i>		<i>37%</i>	<i>39%</i>	
Total Revenue	14,579	12,992	12%	60,073	48,870	23%

(CDN \$000's)	4Q 11	4Q 10	%Δ	FY11	FY10	%Δ
Recurring Rev. \$ (a)	6,610	5,415	22%	24,334	20,246	20%
<i>%of Total</i>	<i>45%</i>	<i>42%</i>		<i>41%</i>	<i>41%</i>	

(a) Total of support, service, subscription and term licenses

- **Recurring revenue 41% of total**

Financial Summary – Gross Margins



- **Gross Profit of \$38.8M or 65% of revenue in FY11**

Financial Summary – Operating Costs

(CDN 000's)	4Q 11	4Q 10	\$ Change	% Δ	FY11	FY10	\$ Change	% Δ
S & M	4,373 30%	3,065 24%	1,308	43%	15,959 27%	12,548 26%	3,411	27%
G & A	2,088 14%	1,866 14%	222	12%	9,789 16%	7,638 16%	2,151	28%
R & D	1,923 13%	1,765 14%	158	9%	12,108 20%	9,950 20%	2,158	22%
Total OpEx	8,385 58%	6,696 52%	1,689	25%	37,857 63%	30,136 62%	7,721	26%

Balance Sheet Highlights and Backlog

	As at Sep 30, 2011	As at Sept 30, 2010	% Δ
Cash and Investments	\$16,273	\$19,573	-17%
A/R	\$13,492	\$14,960	-10%
DSO	90 days	82 days	8 days
Working Capital	\$20,968	\$24,361	-14%
Backlog	\$48,228	\$36,480	32%

Q&A

Thank you.

www.redknee.com

contact@redknee.com

Company Contact

David Charron

Chief Financial Officer

david.charron@redknee.com

Redknee Solutions, Inc.

2560 Matheson Blvd East, Suite 500

Mississauga, ON

Canada L4W 4Y9

+1 905 625 2622

www.redknee.com

Investor Relations

Liolios Group, Inc.

Matt Glover or Michael Koehler

+1 949 574 3860

info@liolios.com

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