



Redknee Solutions Inc. (TSX:RKN)

Innovate. Personalize. Profit.

FISCAL 2Q 2011 RESULTS CALL

► **May 5th, 2011**

REDKNEE

Innovate. Personalize. Profit.

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About Us

• Our Focus

- Redknee is a leading global provider of communication software infrastructure to price and charge all subscribers for data, content & voice across wireless, cable, fixed & satellite, and cloud companies around the world.

• Key Drivers

- Wireless data growth
- Wireless adoption growth – next 1 billion subscribers
- Convergence across content, data and voice across wireless and fixed networks

• Key Advantages

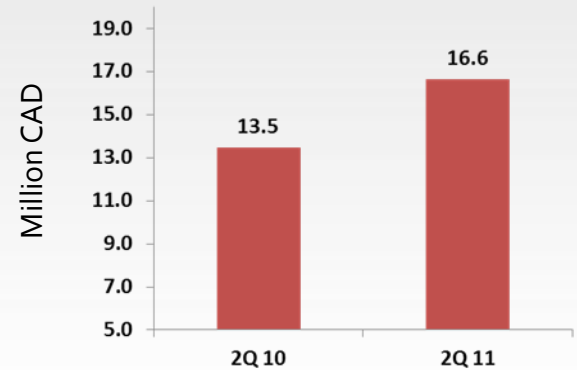
- Strong global organization, product platform with growing number of patents
- Strong global customer base with 90+ customers in 50+ countries
- Cash & increasing scale of business



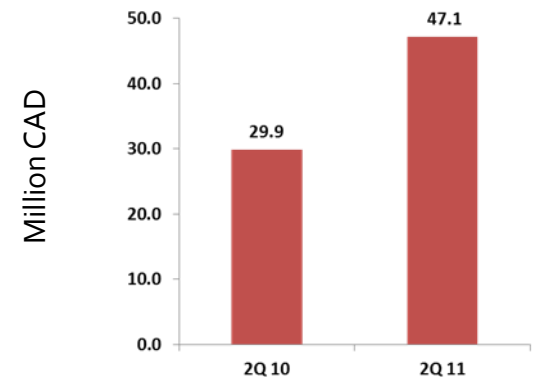
Second Quarter Fiscal 2011 Highlights

- **Revenue of \$16.6M (Q2 2010: \$13.5M)**
 - Constant currency \$17.5M
- **Backlog of \$47.1M**
- **EBITDA of \$1.7M (Q2 2010: \$1.8M)**
 - Constant currency \$2.2M
- **Strong recurring revenues (41% on T4Q)**
- **Strategic wins: new customers in EMEA; signed a multi-million dollar multi-year TCB APAC**
- **Cash of \$16.9M**

REVENUE



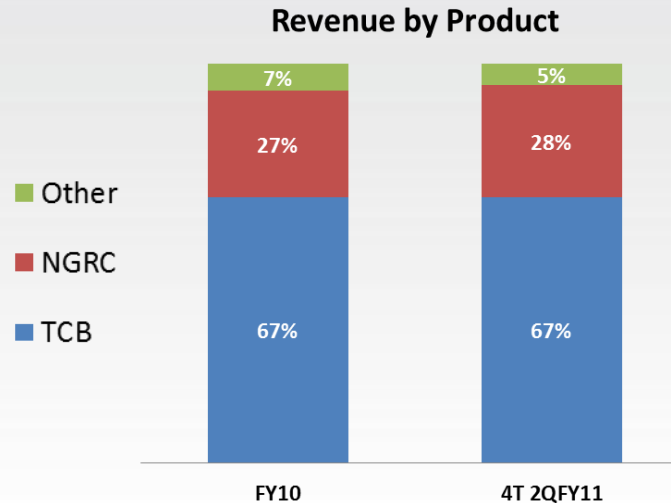
BACKLOG



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

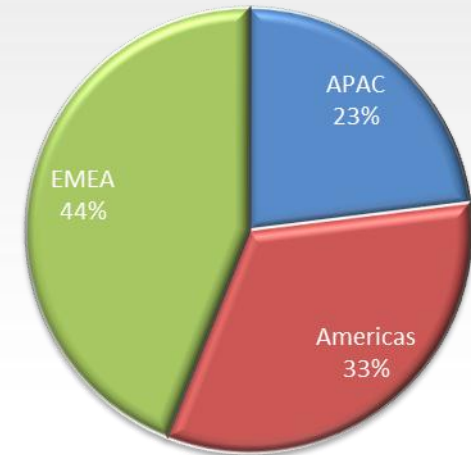


- **Monetization continues to be our focus – 90%+ of T4Q revenues**
 - Turnkey Converged real-time rating, charging, billing and analytics
 - Data monetization & policy, wholesale billing and content settlement
 - Advanced Customer Care
- **Compelling & competitive product portfolio**
 - 33 granted patents & 70+ pending

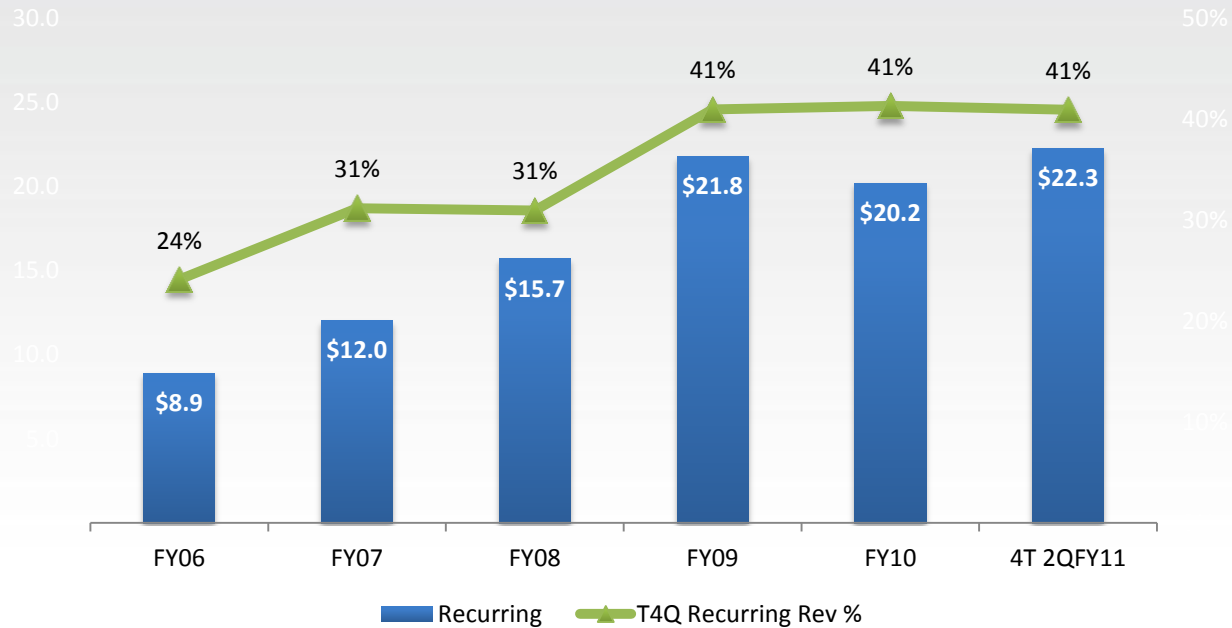
Redknee's Market Share Growth

- **Market share focus**
- **Globally diversified revenue**
- **Notable**
 - **EMEA new customers for TCB and analytics**
 - **APAC group TCB upgrade & expansion**
 - **Global robust product upgrades and expansions**

4T 2QFY11



Redknee's Recurring Revenues



- **Recurring revenues**

- **Support & Maintenance Agreements**
- **Software Subscription**
- **Term based product licenses**

- **Recurring revenues on Q2 2011 was 35% of revenues (T4Q 41%)**

Second Quarter FY11 Summary

- **Growing global market opportunity**
 - Wireless data
 - Global mobile (subscribers & M2M)
 - Move to converged monetization
- **Strong order backlog**
- **Recurring revenues**
- **Competitive product platform with patents**
- **Disciplined execution of strategic growth plan**

Growing Business
Revenue + Backlog



Q2 FY11 Financial Summary

(CDN 000's)	2Q 11	2Q 10	\$		4T		\$	
			Change	% Change	2QFY11	FY 10	Change	% Change
Revenue	16,635	13,466	3,169	24%	54,387	48,870	5,517	11%
COGS	5,334	3,734	1,600	43%	17,186	13,107	4,079	31%
Gross Profit	11,301	9,732	1,569	16%	37,201	35,763	1,438	4%
S & M	3,900	3,522	378	11%	13,289	12,548	740	6%
	23%	26%			24%	26%		
G & A	2,410	1,711	699	41%	8,752	7,638	1,114	15%
	14%	13%			16%	16%		
R & D	3,555	2,631	923	35%	11,174	9,950	1,224	12%
	21%	20%			21%	20%		
Amortization	456	163	293	180%	1,390	777	613	79%
Foreign Exchange Loss (Gain)	360	1,247	(887)	-71%	846	1,680	(834)	-50%
Income (loss) from Operations	620	458	162	-35%	1,750	3,169	(1,419)	-45%
EBITDA	1,698	1,843	(145)	-8%	4,814	6,182	(1,368)	-22%

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

Q2 FY11 Financial Summary - Revenue

(CDN \$000's)	2Q 11	2Q 10	%Δ	T4Q 2QFY11	FY10	%Δ
Software and Services	10,550	8,026	31%	29,916	27,361	9%
<i>%of Total</i>	<i>63%</i>	<i>60%</i>		<i>55%</i>	<i>56%</i>	
Third Party	917	1,129	-19%	3,765	2,454	53%
<i>%of Total</i>	<i>6%</i>	<i>8%</i>		<i>7%</i>	<i>5%</i>	
Support and Subs.	5,168	4,311	20%	20,705	19,056	9%
<i>%of Total</i>	<i>31%</i>	<i>32%</i>		<i>38%</i>	<i>39%</i>	
Total Revenue	16,635	13,466	24%	54,387	48,870	11%

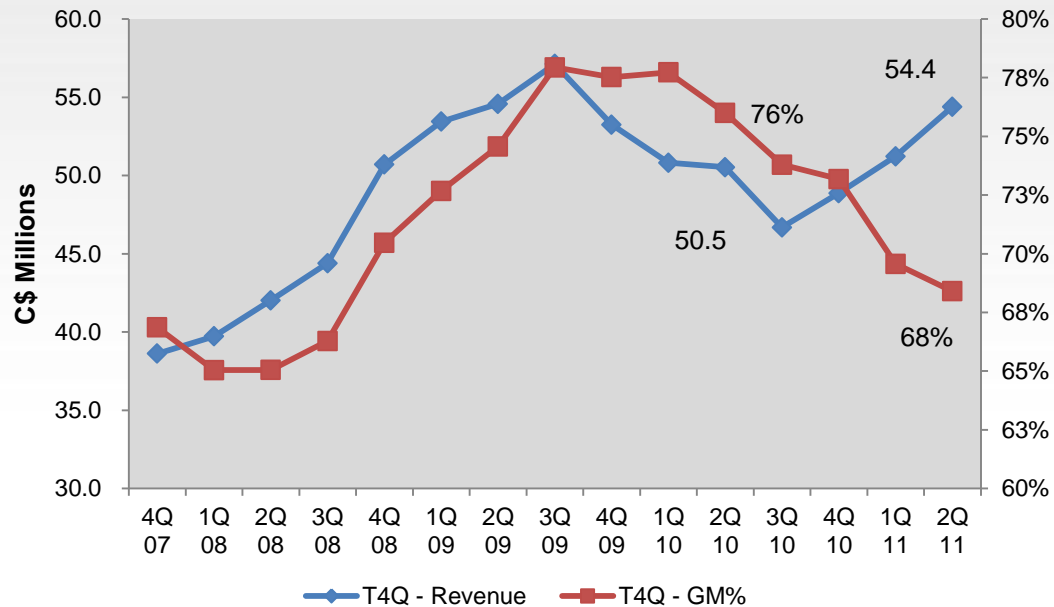
(CDN \$000's)	2Q 11	2Q 10	%Δ	T4Q 2QFY11	FY10	%Δ
Recurring Rev. \$ (a)	5,757	4,598	25%	22,254	20,246	10%
<i>%of Total</i>	<i>35%</i>	<i>34%</i>		<i>41%</i>	<i>41%</i>	

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

- Recurring revenue 41% of total

Second Quarter Financial Summary – Gross Margins

T4Q Revenue vs T4Q GM%



- Gross Profit of \$37.2M or 68% of revenue in TQ4 FY11
- T4Q FY11 Gross Margin at 68% (T4Q2 FY10: 76%)

Second Quarter Financial Summary – Operating Costs

(CDN 000's)	2Q 11	2Q 10	\$ Change	% Δ	T4Q 2QFY11	FY10	\$ Change	% Δ
S & M	3,900 23%	3,522 26%	378	11%	13,289 24%	12,548 26%	740	6%
G & A	2,410 14%	1,711 13%	699	41%	8,752 16%	7,638 16%	1,114	15%
R & D	3,555 21%	2,631 20%	923	35%	11,174 21%	9,950 20%	1,224	12%
Total OpEx	9,865	7,864	2,002	25%	33,215	30,136	3,079	10%

Operating costs decreased as a % of revenue to 61% in T4Q Q2 FY 11 from 62% in FY10; reflects management's efforts to reduce cost structure

Balance Sheet Highlights and Backlog

	As at Mar 31, 2011	As at Sept 30, 2010	% Δ
Cash and Investments	\$16,853	\$19,573	-14%
A/R	\$14,745	\$14,960	-1%
DSO	89 days	82 days	7 days
Working Capital	\$22,633	\$24,361	-7%
Backlog	\$47,134	\$36,480	29%

Q&A

Thank you.

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