



Redknee Solutions Inc. (TSX:RKN)

Innovate. Personalize. Profit.

THIRD QUARTER FISCAL 2011 RESULTS CALL

► August 4th, 2011

REDKNEE

Innovate. Personalize. Profit.

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About Us

• Our Focus

- Redknee is a leading global provider of next generation real-time converged billing. This mission critical infrastructure allows service providers to price and charge all subscribers for data, content & voice across wireless, cable, fixed, satellite, and cloud services.

• Key Drivers

- Wireless data growth – exponential
- Wireless device growth – next 25B wireless devices
- Explosion of content, data and voice across wireless and fixed networks

• Key Advantages

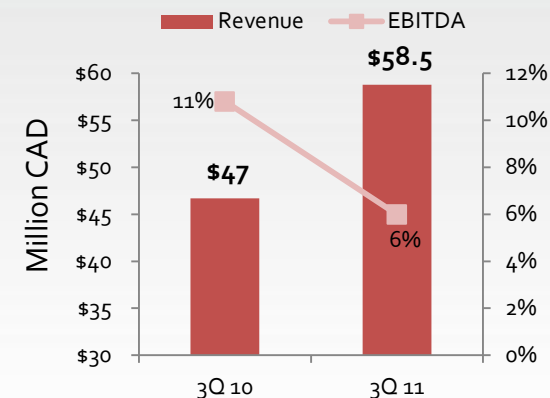
- Strong global organization, configurable product platform with 100+ patents filed
- Strong global customer base with 90+ customers in 50+ countries
- Cash & increasing scale of business



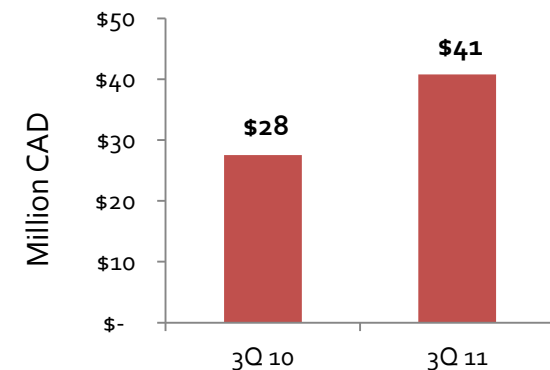
Third Quarter Fiscal 2011 Highlights

- **Revenue of \$14.7M; Q3 2010: \$10.6M**
 - Constant currency \$15.0M
- **Backlog of \$41M**
- **EBITDA loss of \$1.7M (Q3FY10: loss of \$0.4M)**
 - Excluding one-time charges: loss of \$0.2M
 - Reduced personnel costs by over 10% to improve future gross margin & EBITDA
- **Strong recurring revenues (LTM: \$23M or 40%)**
- **Strategic Highlights:**
 - Partnership with Tech Mahindra
 - Upgrade & expansion with Tier-1's in Americas
 - TCB Release 9
- **Cash of \$14.0M**

LTM REVENUE



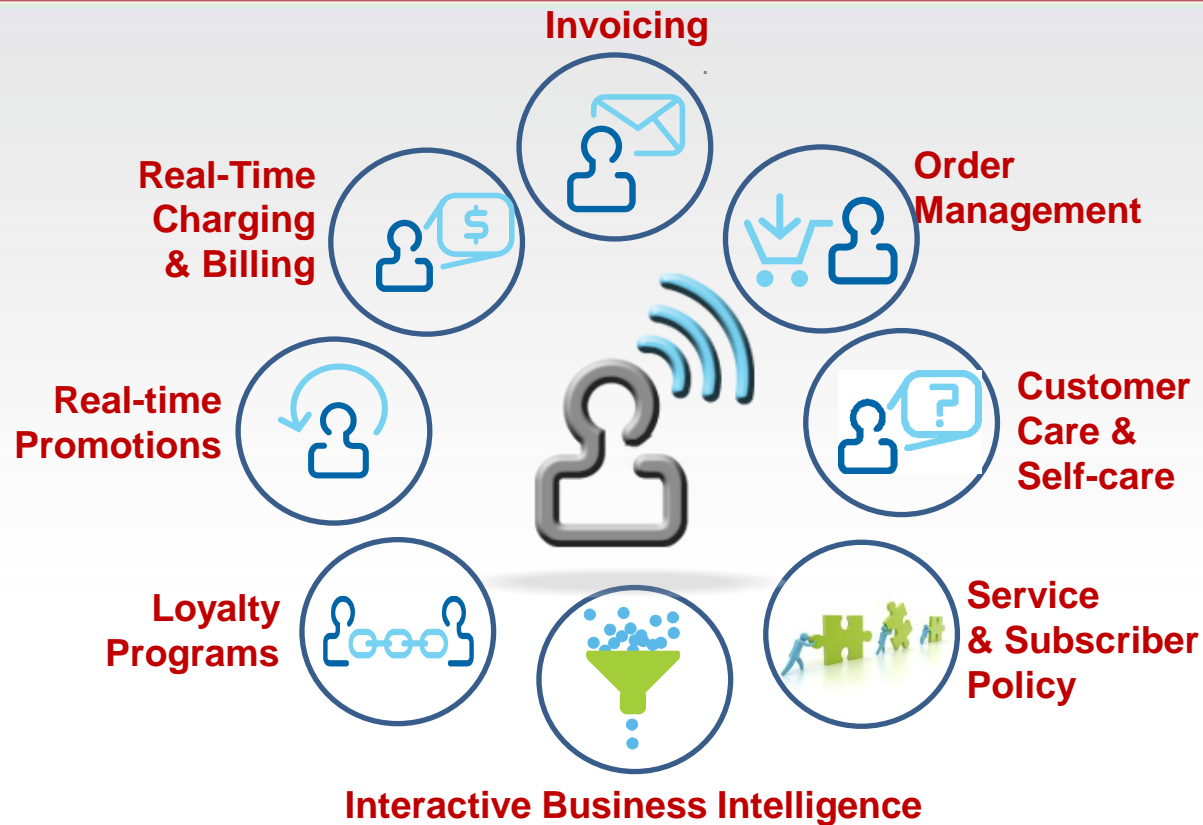
BACKLOG



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**

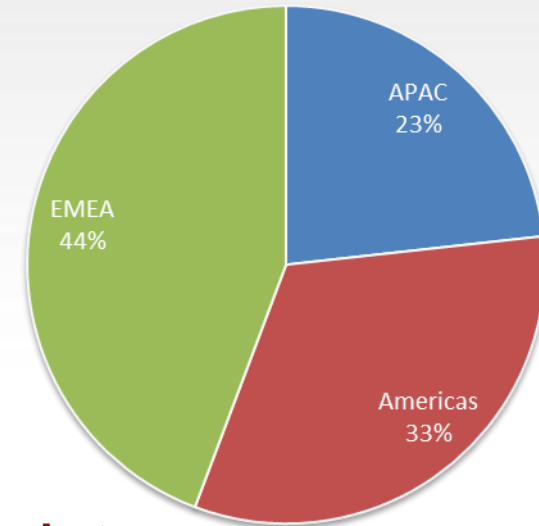
Redknee's Business-Critical Solutions – Real-Time Converged Billing



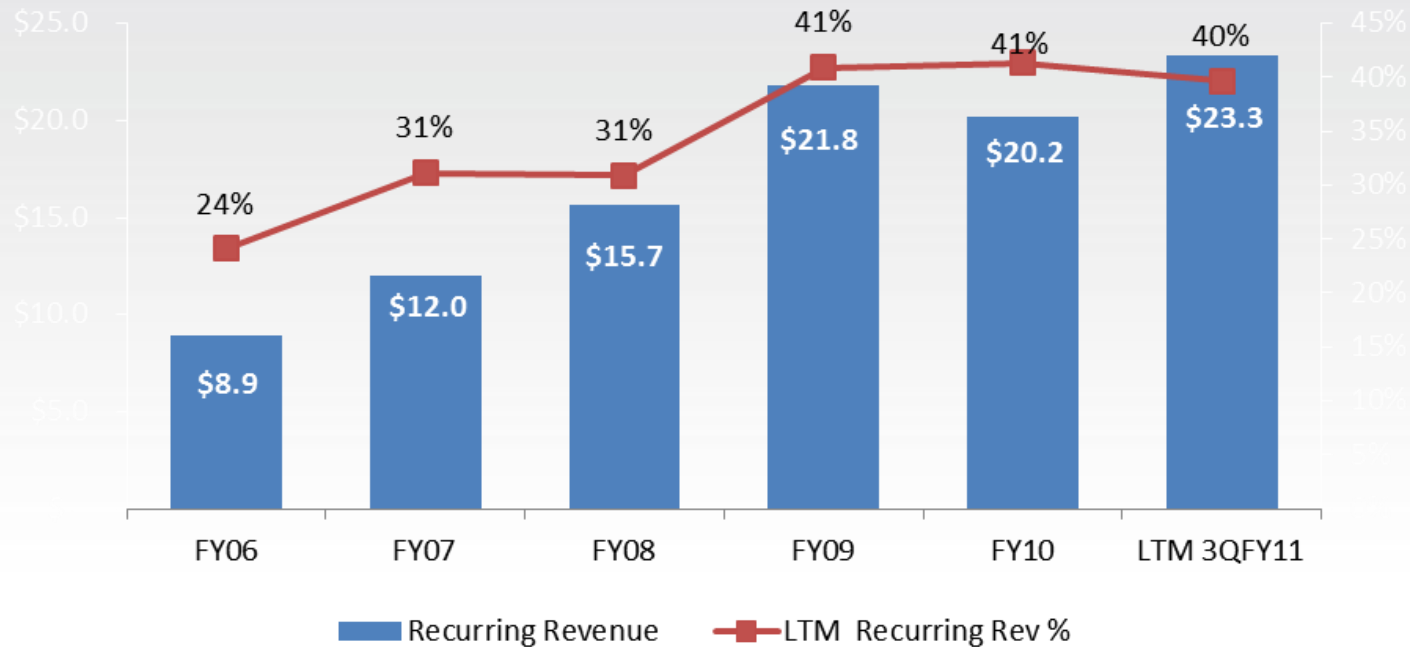
- **Real-time converged billing is our focus – 90%+ of LTM revenues**
 - Tier-1 sub-brands, MVNOs and multi-country group operators
- **Compelling & competitive product portfolio with 100+ patents filed**

Redknee's Market Share Growth

- **Market share focus**
- **Globally diversified revenue**
- **Notable**
 - **Partnered with Tech Mahindra**
 - **Americas Tier-1 upgrade & expansion**
 - **Release 9 delivered into APAC & EMEA markets**



Redknee's Recurring Revenues



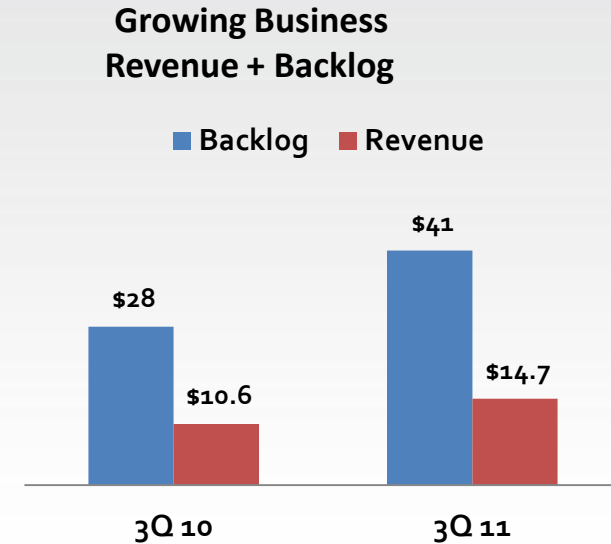
- **Recurring revenues**

- Support & Maintenance Agreements
- Software Subscription
- Term based product licenses & cloud offering

- Recurring revenues were 40% on LTM basis (17% growth YoY)

Third Quarter FY11 Summary

- **Growing global market opportunity**
 - **Wireless data**
 - **Global mobile (subscribers & M2M)**
 - **Move to converged monetization**
- **Strong recurring revenues**
- **Strong order backlog**
- **Competitive converged billing platform with patents**
- **Synergies resulted in personnel cost reduction by 10%+**



Q3 FY11 Financial Summary

(CDN 000's)	3Q 11	3Q 10			T4 3QFY11	FY 10		
			\$ Change	% Change			\$ Change	% Change
Revenue	14,731	10,632	4,099	39%	58,486	48,870	9,616	20%
COGS	5,705	3,113	2,592	83%	19,779	13,107	6,671	51%
Gross Profit	9,025	7,519	1,507	20%	38,707	35,763	2,944	8%
	61%	71%			66%	73%		
S & M	4,166	2,804	1,362	49%	14,651	12,548	2,103	17%
	28%	26%			25%	26%		
G & A	3,217	2,400	816	34%	9,568	7,638	1,930	25%
	22%	23%			16%	16%		
R & D	3,586	2,811	776	28%	11,950	9,950	2,000	20%
	24%	26%			20%	20%		
Amortization	458	165	293	178%	1,684	777	906	117%
Foreign Exchange Loss (Gain)	(261)	(504)	244	-48%	1,089	1,680	(591)	-35%
Income (loss) from Operations	(2,141)	(157)	(1,984)	-1264%	(235)	3,169	(3,404)	-107%
EBITDA	(1,738)	(359)	(1,379)	384%	3,300	6,057	(2,758)	-46%
	-12%	-3%			6%	12%		

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

Q3 FY11 Financial Summary - Revenue

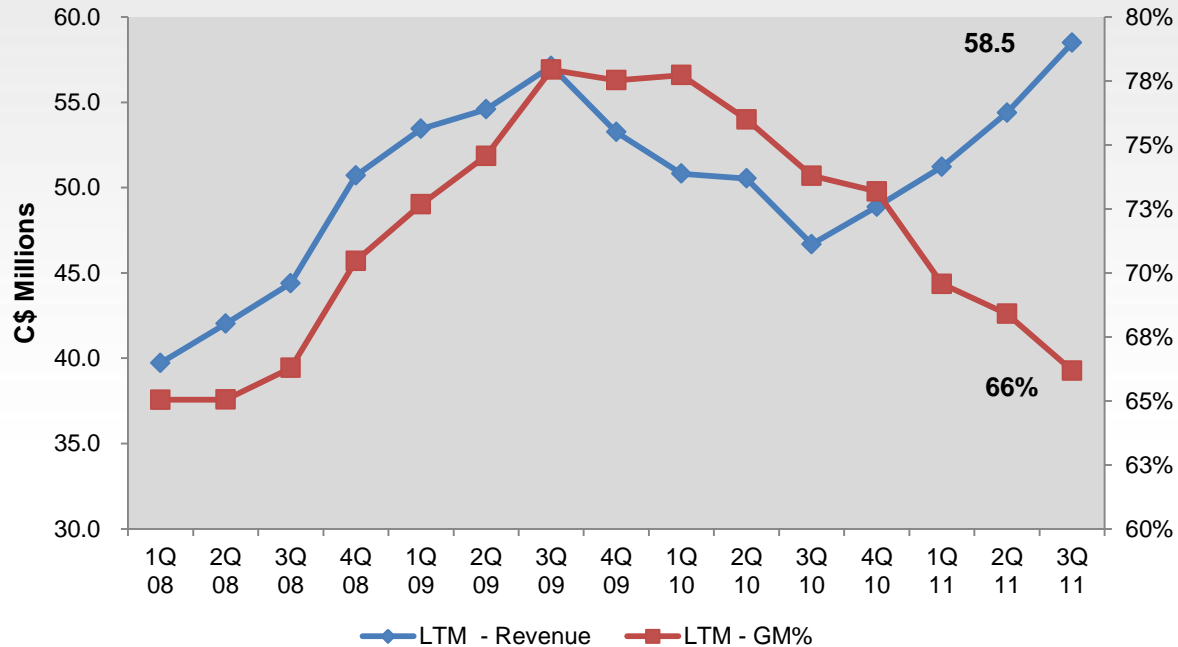
(CDN \$000's)	3Q 11	3Q 10	%Δ	T4Q 3QFY11	FY10	%Δ
Software and Services	8,491	4,942	72%	33,482	27,361	22%
<i>%of Total</i>	<i>58%</i>	<i>46%</i>		<i>57%</i>	<i>56%</i>	
Third Party	550	797	-31%	3,519	2,454	43%
<i>%of Total</i>	<i>4%</i>	<i>7%</i>		<i>6%</i>	<i>5%</i>	
Support and Subs.	5,690	4,893	16%	21,484	19,056	13%
<i>%of Total</i>	<i>39%</i>	<i>46%</i>		<i>37%</i>	<i>39%</i>	
Total Revenue	14,731	10,632	39%	58,485	48,870	20%

(CDN \$000's)	3Q 11	3Q 10	%Δ	T4Q 3QFY11	FY10	%Δ
Recurring Rev. \$ (a)	6,355	5,173	23%	23,273	20,187	15%
<i>%of Total</i>	<i>43%</i>	<i>49%</i>		<i>40%</i>	<i>41%</i>	

- Recurring revenue 43% of total

Third Quarter Financial Summary – Gross Margins

LTM Revenue vs LTM GM%



- **Gross Profit of \$38.7M or 66% of revenue in TQ4 FY11**
- **T4Q FY11 Gross Margin at 64% (T4Q3 FY10: 74%)**

Third Quarter Financial Summary – Operating Costs

(CDN 000's)	3Q 11		3Q 10		T4Q 3QFY11		FY10	
			\$ Change	% Δ			\$ Change	% Δ
S & M	4,166	2,804	1,362	49%	14,651	12,548	2,103	17%
	28%	26%			25%	26%		
G & A	3,217	2,400	816	34%	9,568	7,638	1,930	25%
	22%	23%			16%	16%		
R & D	3,586	2,811	776	28%	11,950	9,950	2,000	20%
	24%	26%			20%	20%		
Total OpEx	10,970	8,015	2,954	37%	36,169	30,136	6,033	20%
	74%	75%			61%	62%		

Operating costs decreased as a % of revenue to 61% in T4Q Q3 FY 11 from 62% in FY10; reflects management's efforts to reduce cost structure

Balance Sheet Highlights and Backlog

	As at June 30, 2011	As at Sept 30, 2010	% Δ
Cash and Investments	\$14,049	\$19,573	-28%
A/R	\$15,976	\$14,960	7%
DSO	89 days	82 days	7 days
Working Capital	\$21,280	\$24,361	-13%
Backlog	\$41,091	\$36,480	13%

Q&A

Thank you.

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