



Redknee Solutions Inc.

**REDKNEE**

Innovate. Personalize. Profit.

FISCAL 4Q 2010 RESULTS CALL ▶ DECEMBER 2, 2010

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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 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

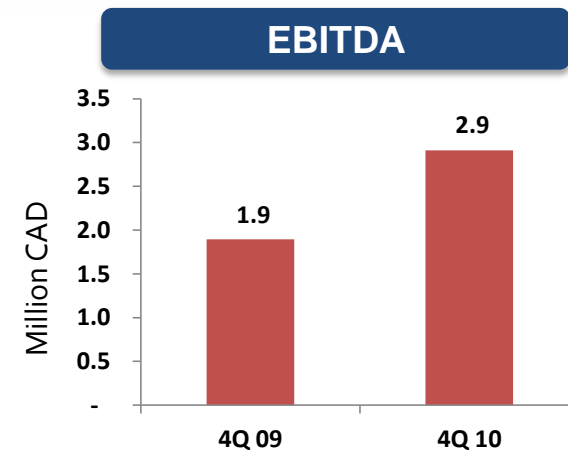
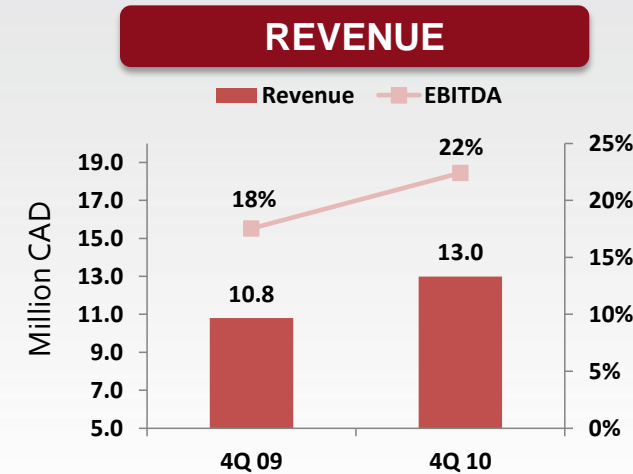
## • Key Advantages

- 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



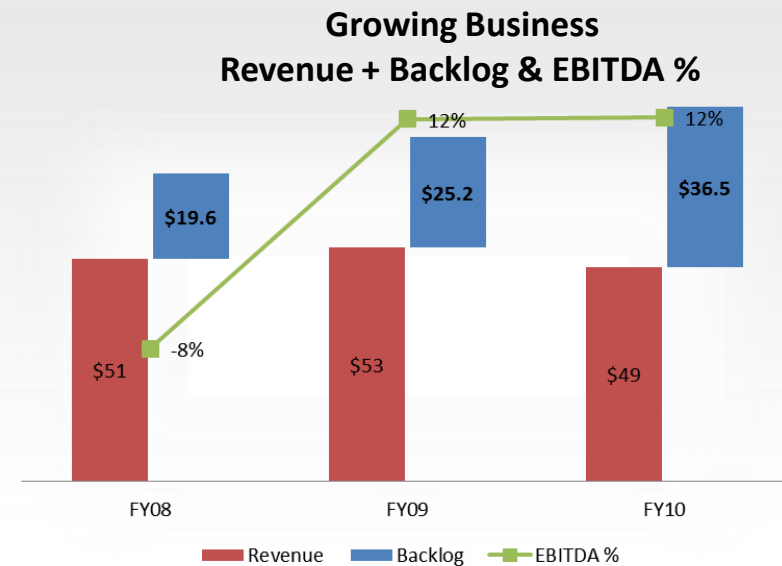
# Fourth Quarter Fiscal 2010 Highlights

- Revenue of \$13.0M (Q4 2009: \$10.8M)
  - Constant currency \$14.2M
- Backlog of \$36.5M (Q4 2009: \$27.5M)
- EBITDA of \$2.9M (Q4 2009: \$1.9M)
- Strong recurring revenues (41%)
- Strategic TCB replacement win in APAC



# Fiscal Year 2010 Highlights

- **Revenue of \$48.9M (FY 2009: \$53.3M)**
  - Constant currency \$54.6M
- **Backlog of \$36.5M (FY 2009: \$25.6M)**
- **EBITDA of \$6.1M (FY 2009: \$6.5M)**
- **Strong recurring revenues (41%)**
- **Strategic acquisition & partnership**
- **Added 15+ customers, two multi-year service contracts, US MNVO, large TCB win**
- **Cash of \$19.6M**



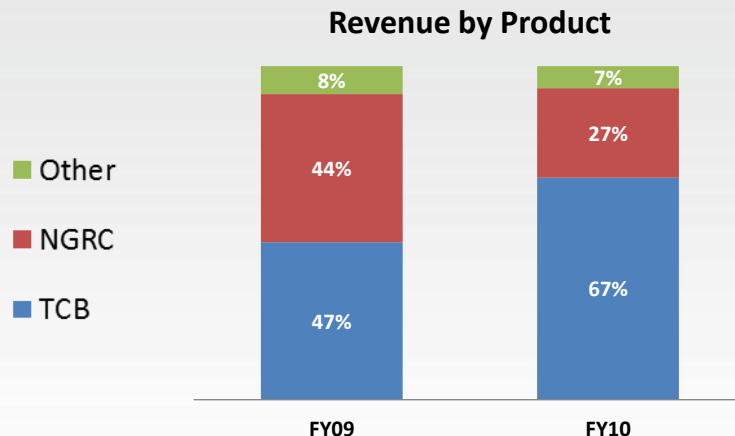
## Redknee's Growth Strategy Execution in 2010

- **Existing Customers & Solutions**
  - **90%** of revenues from existing customers
  - Strategic: secured two multi-year service contracts
  - Major software releases across all key product offerings
- **New Customers & Solutions**
  - Added **15+ new customers** (Tier-1 & group operators)
  - Strategic: TCB replacement in APAC & MVNO references
  - Expanded the product platform to MVNO/MVNE, banking & enterprise markets
- **Strategic Partnerships & Acquisitions**
  - Acquired Nimbus Systems in July 30, 2010
  - Partnered with Microsoft for CRM Dynamics & other technologies

## 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

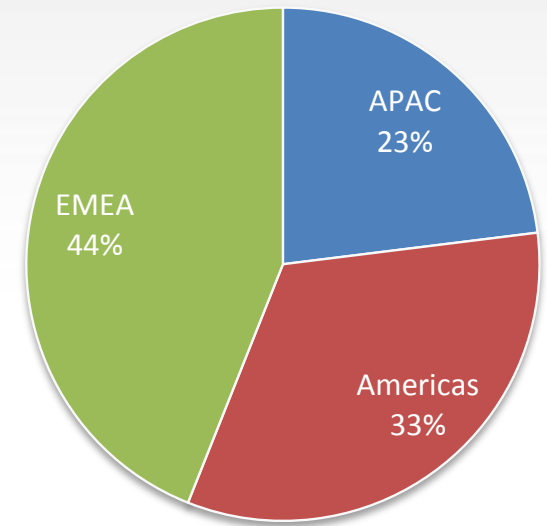


- **Monetization continues to be our focus – 90%+ of T4Q revenues**
  - Trunkey Converged real-time rating, charging & billing
  - Data monetization, wholesale billing and content settlement
  - Customer care systems
- **Compelling & competitive product portfolio**
  - 28 granted patents & 70+ pending
  - Redknee's NGRC wins 2010 Billing & OSS World Excellence Award
  - Redknee's TCB wins 2010 Internet Telephony Excellence Award

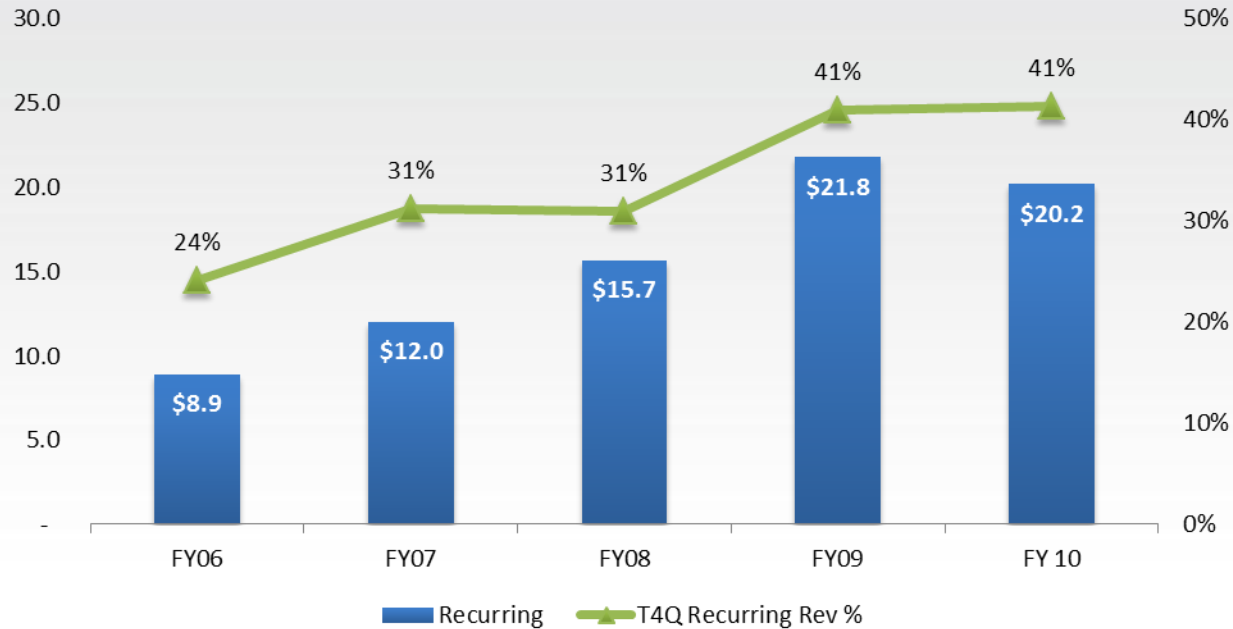


## Redknee's Market Share Growth

- **Market share focus**
- **Globally diversified revenue**
- **Notable contracts**
  - **Billing replacement project in APAC**
  - **Multi-year contracts in Americas & EMEA**
  - **MVNO references in Americas, APAC & EMEA**
  - **TCB upgrades in existing customers**
  - **License & functionality expansion of our NGRC platforms globally**



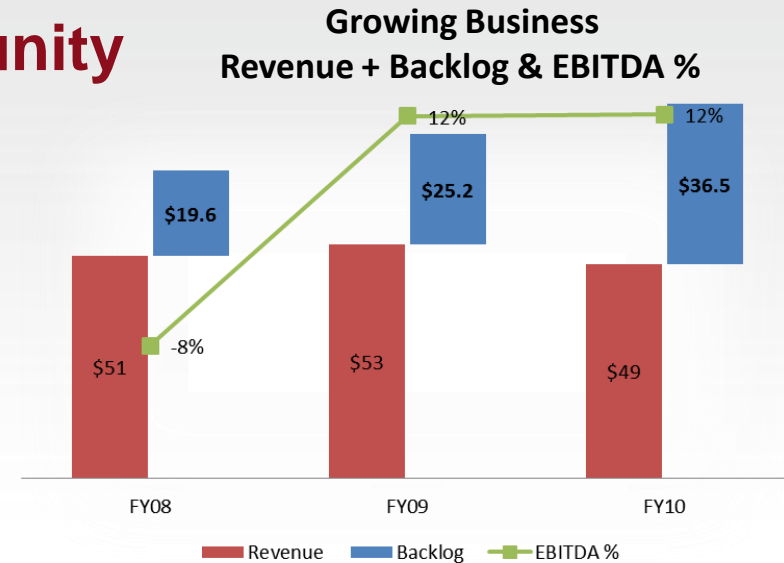
# Redknee's Recurring Revenues



- **Recurring revenues**
  - **Support & Maintenance Agreements**
  - **Software Subscription**
  - **Term based product licenses**
- **Recurring revenues on FY10 was 41% of revenues**

# Fiscal 2010 Summary

- **Growing global market opportunity**
  - Wireless data growth
  - Global mobile subscriber growth
  - Move to converged monetization
- **Strong recurring revenues**
- **Strong order backlog**
- **Competitive product platform with patents**
- **Disciplined execution of strategic growth plan**



# Fourth Quarter Financial Summary

(CDN 000's)			\$	%			\$	%
	4Q 10	4Q 09	Change	Change	FY 10	FY 09	Change	Change
<b>Revenue</b>	<b>12,992</b>	<b>10,803</b>	<b>2,189</b>	<b>20%</b>	<b>48,870</b>	<b>53,250</b>	<b>(4,380)</b>	<b>-8%</b>
COGS	3,541	2,667	874	33%	13,107	11,968	1,139	10%
<b>Gross Profit</b>	<b>9,451</b>	<b>8,136</b>	<b>1,315</b>	<b>16%</b>	<b>35,763</b>	<b>41,282</b>	<b>(5,519)</b>	<b>-13%</b>
S & M	3,065	2,568	497	19%	12,548	14,609	(2,060)	-14%
	24%	24%			26%	27%		
G & A	1,866	1,532	334	22%	7,638	8,983	(1,345)	-15%
	14%	14%			16%	17%		
R & D	1,765	2,338	(574)	-25%	9,950	11,930	(1,980)	-17%
	14%	22%			20%	22%		
Amortization	291	195	96	49%	777	677	100	15%
Foreign Exchange Loss (Gain)	444	1,781	(1,337)	-75%	1,680	872	808	93%
<b>Income (loss) from Operations</b>	<b>2,020</b>	<b>(279)</b>	<b>2,299</b>	<b>825%</b>	<b>3,169</b>	<b>4,211</b>	<b>(1,042)</b>	<b>-25%</b>
<b>EBITDA</b>	<b>2,910</b>	<b>1,894</b>	<b>1,016</b>	<b>54%</b>	<b>6,057</b>	<b>6,469</b>	<b>(411)</b>	<b>-6%</b>

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

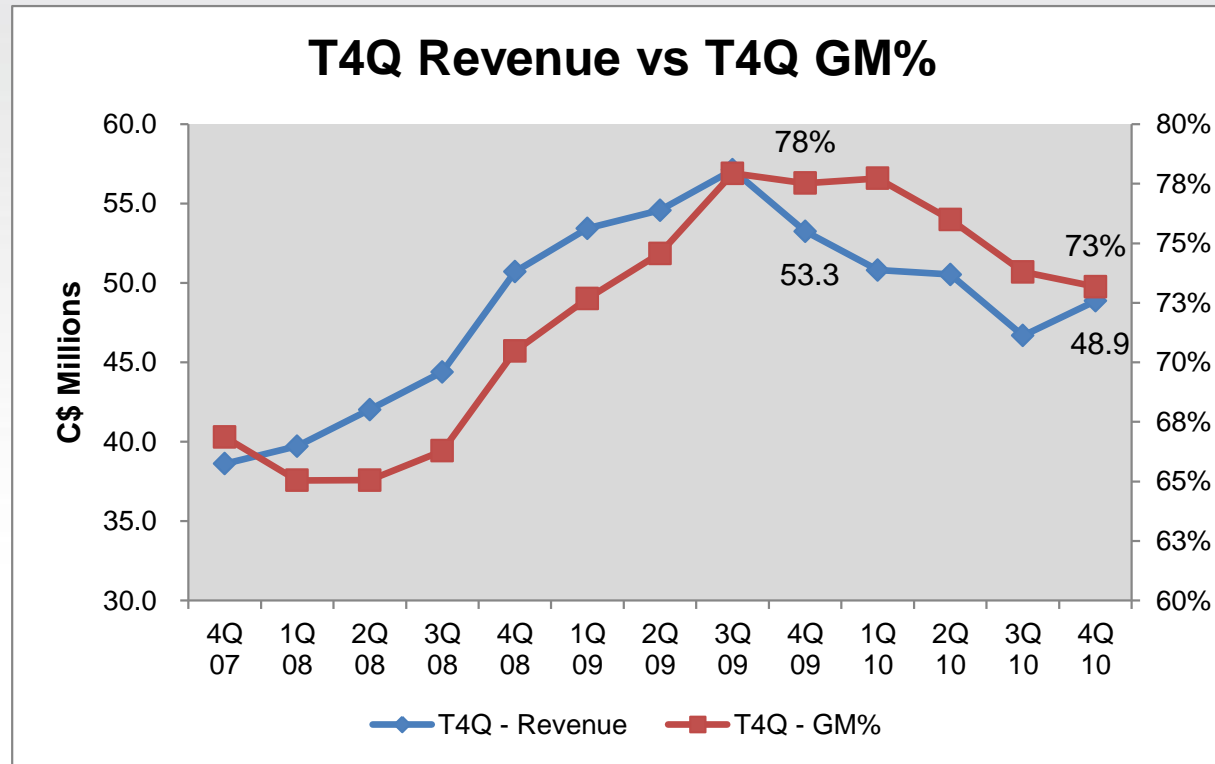
## Fourth Quarter Financial Summary - Revenue

(CDN \$000's)	4Q 10	4Q 09	%Δ	FY10	FY09	%Δ
Software and Services	7,650	5,171	48%	27,361	29,945	-9%
<i>%of Total</i>	<i>59%</i>	<i>48%</i>		<i>56%</i>	<i>56%</i>	
Third Party	267	731	-63%	2,454	2,151	14%
<i>%of Total</i>	<i>2%</i>	<i>7%</i>		<i>5%</i>	<i>4%</i>	
Support and Subs.	5,075	4,902	4%	19,056	21,154	-10%
<i>%of Total</i>	<i>39%</i>	<i>45%</i>		<i>39%</i>	<i>40%</i>	
<b>Total Revenue</b>	<b>12,992</b>	<b>10,803</b>	<b>20%</b>	<b>48,870</b>	<b>53,250</b>	<b>-8%</b>
(CDN \$000's)	4Q 10	4Q 09	%Δ	FY10	FY09	%Δ
Recurring Rev. \$ (a)	5,356	5,052	6%	20,187	21,797	-7%
<i>%of Total</i>	<i>41%</i>	<i>47%</i>		<i>41%</i>	<i>41%</i>	

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

- Recurring revenue 41% of total

# Fourth Quarter Financial Summary – Gross Margins



- **Gross Profit of \$9.5M or 73% of revenue in Q4 FY10**
- **FY10 Gross Margin at 73% (FY09: 78%)**

## Fourth Quarter Financial Summary – Operating Costs

(CDN 000's)	4Q 10	4Q 09	\$ Change	% Δ	FY10	FY09	\$ Change	% Δ
S & M	3,065 24%	2,568 24%	497	19%	12,548 26%	14,609 27%	(2,060)	-14%
G & A	1,866 14%	1,532 14%	334	22%	7,638 16%	8,983 17%	(1,345)	-15%
R & D	1,765 14%	2,338 22%	(574)	-25%	9,950 20%	11,930 22%	(1,980)	-17%
<b>Total OpEx</b>	<b>6,696</b> 52%	<b>6,439</b> 60%	<b>258</b>	<b>4%</b>	<b>30,136</b> 62%	<b>35,522</b> 67%	<b>(5,386)</b>	<b>15%</b>

**Operating costs declined as a % of revenue to 62% in FY10 from 67% in FY09; reflects management's efforts to reduce cost structure**

## Balance Sheet Highlights and Backlog

	As at Sep 30, 2010	As at Sep 30, 2009	% $\Delta$
Cash and Investments	\$19,573	\$26,092	-25%
A/R	\$14,960	\$8,160	83%
DSO	82 days	75 days	7 days
Working Capital	\$24,361	\$22,144	10%
Backlog	\$36,480	\$25,200	45%



# Q&A

# Thank you.

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