



Redknee Solutions Inc. (TSX:RKN)

Innovate. Personalize. Profit.

FISCAL 1Q 2011 RESULTS CALL
▶ **FEBRUARY 10, 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 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

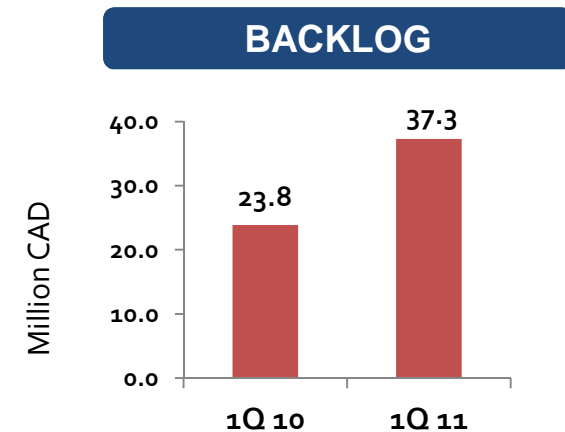
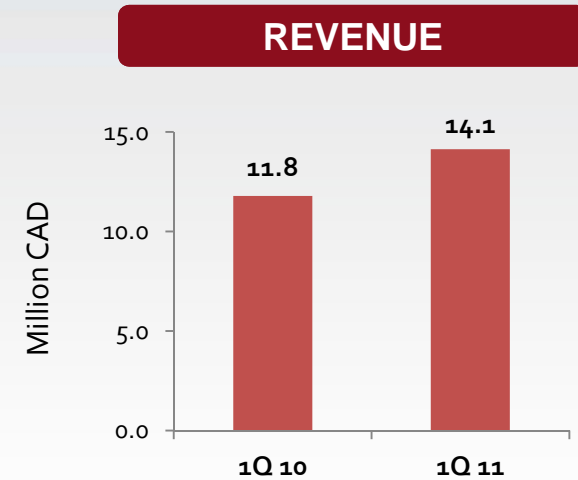
• Key Advantages

- 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



First Quarter Fiscal 2011 Highlights

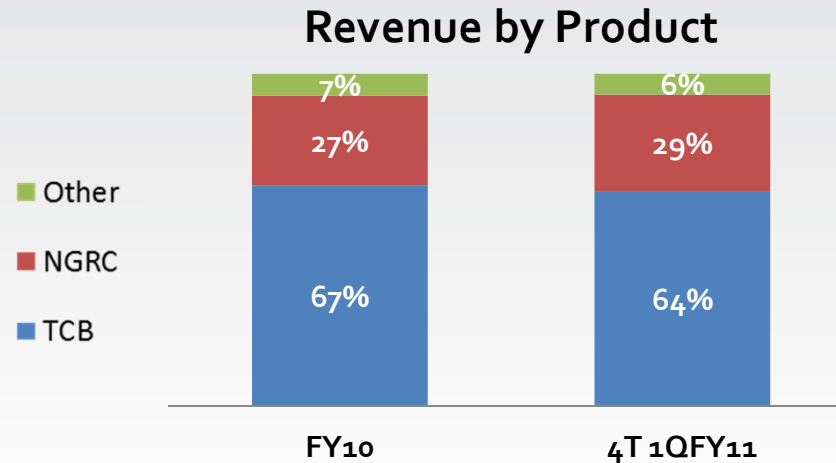
- Revenue of \$14.1M (Q1 2010: \$11.8M)
 - Constant currency \$15.0M
- Backlog of \$37.3M
- EBITDA of \$0.4M (Q1 2010: \$1.7M)
- Strong recurring revenues (42%)
- Strategic wins: MVNO in EMEA, large APAC wholesale billing system, data & policy win in APAC, Tier 1 contracts in Americas
- Cash of \$18.5M



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**

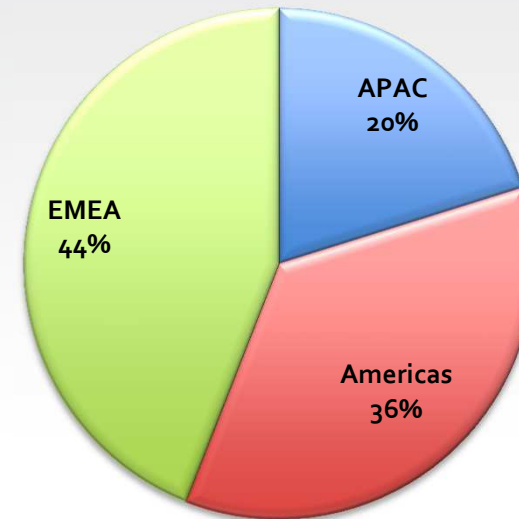
Redknee's Business-Critical Solutions



- **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**
 - 30 granted patents & 70+ pending

Redknee's Market Share Growth

- **Market share focus**
- **Globally diversified revenue**
- **Notable contracts**
 - **MVNO reference in EMEA**
 - **Strategic wholesale billing in APAC**
 - **Data policy with our turnkey converged billing solution**
 - **Tier-1 contracts in Americas**



Redknee's Recurring Revenues



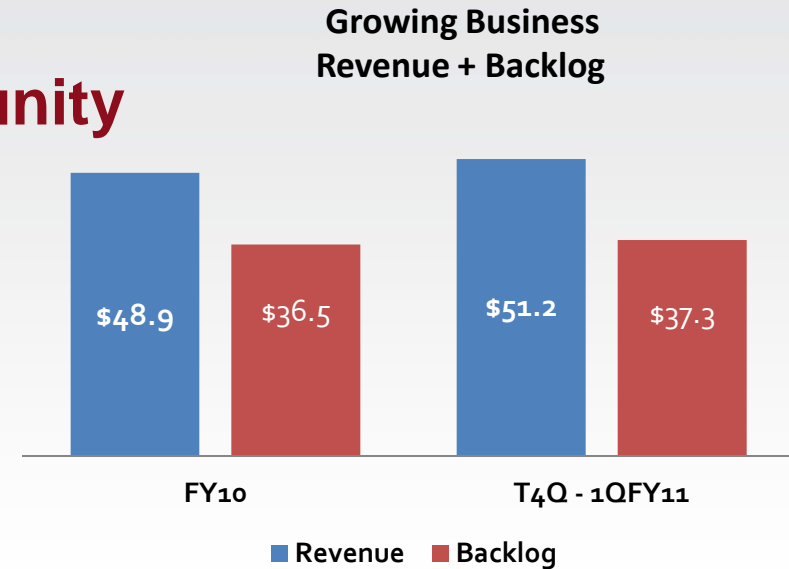
- **Recurring revenues**

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

- **Recurring revenues on Q1 2011 was 42% of revenues (T4Q 41%)**

First Quarter FY11 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**



Q1 FY11 Financial Summary

(CDN 000's)			\$				\$			
	1Q 11	1Q 10	Change	% Change	4T 1QFY11	FY 10	Change	% Change		
Revenue	14,128	11,780	2,348	20%	51,218	48,870	2,348	5%		
COGS	5,199	2,719	2,479	91%	15,587	13,107	2,479	19%		
Gross Profit	8,929	9,061	(131)	-1%	35,632	35,763	(131)	0%		
S & M	3,519	3,157	363	11%	12,911	12,548	363	3%		
	25%	27%			25%	26%				
G & A	2,076	1,661	415	25%	8,053	7,638	415	5%		
	15%	14%			16%	16%				
R & D	3,044	2,743	301	11%	10,251	9,950	301	3%		
	22%	23%			20%	20%				
Amortization	478	159	319	201%	1,097	777	319	41%		
Foreign Exchange Loss (Gain)	546	493	52	11%	1,732	1,680	52	3%		
Income (loss) from Operations	(734)	848	(1,582)	187%	1,587	3,169	(1,582)	-50%		
EBITDA	429	1,663	(1,234)	-74%	4,824	6,057	(1,234)	-20%		

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

Q1 FY11 Financial Summary - Revenue

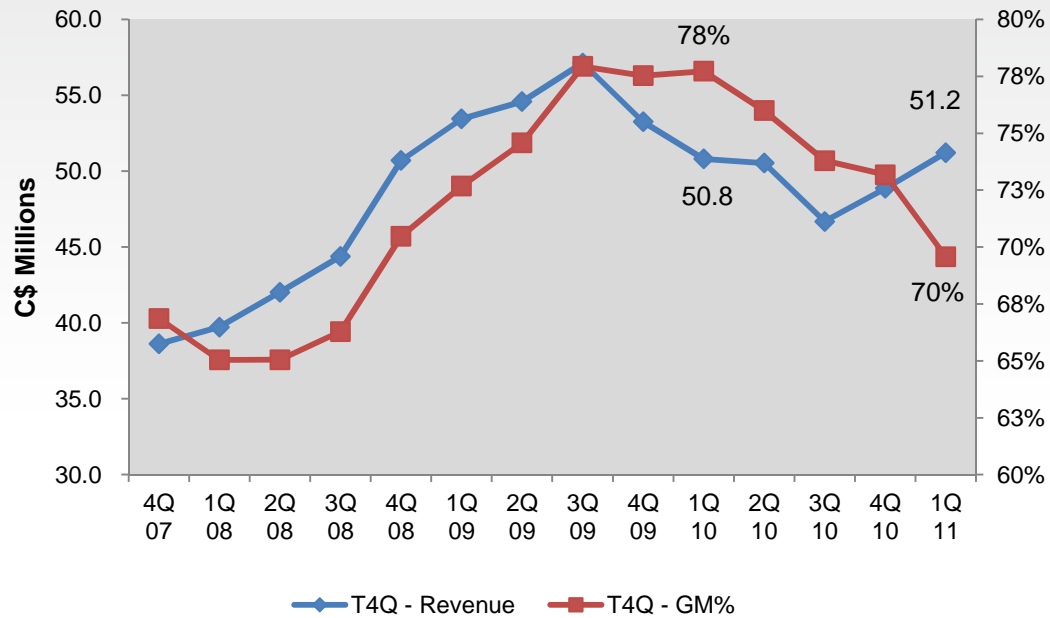
(CDN \$000's)	1Q 11	1Q 10	%Δ	T4Q 1QFY11	FY10	%Δ
Software and Services	6,775	6,743	0%	27,392	27,361	0%
<i>%of Total</i>	<i>48%</i>	<i>57%</i>		<i>53%</i>	<i>56%</i>	
Third Party	1,784	261	584%	3,977	2,454	62%
<i>%of Total</i>	<i>13%</i>	<i>2%</i>		<i>8%</i>	<i>5%</i>	
Support and Subs.	5,569	4,776	17%	19,849	19,056	4%
<i>%of Total</i>	<i>39%</i>	<i>41%</i>		<i>39%</i>	<i>39%</i>	
Total Revenue	14,128	11,780	20%	51,218	48,870	5%
	1Q 11	1Q 10	%Δ	T4Q 1QFY11	FY10	%Δ
(CDN \$000's)						
Recurring Rev. \$ (a)	5,863	5,060	15%	20,990	20,187	4%
<i>%of Total</i>	<i>42%</i>	<i>43%</i>		<i>41%</i>	<i>41%</i>	

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

- **Recurring revenue 42% of total**

First Quarter Financial Summary – Gross Margins

T4Q Revenue vs T4Q GM%



- Gross Profit of \$35.6M or 70% of revenue in TQ4 FY11
- T4Q FY11 Gross Margin at 70% (T4Q FY10: 78%)

First Quarter Financial Summary – Operating Costs

(CDN 000's)	1Q 11	1Q 10	\$ Change	% Δ	T4Q 1QFY11	FY10	\$ Change	% Δ
S & M	3,519 25%	3,157 27%	363	11%	12,911 25%	12,548 26%	363	3%
G & A	2,076 15%	1,661 14%	415	25%	8,053 16%	7,638 16%	415	5%
R & D	3,044 22%	2,743 23%	301	11%	10,251 20%	9,950 20%	301	3%
Total OpEx	8,640 61%	7,560 64%	1,079	14%	31,215 61%	30,136 62%	1,079	-4%

Operating costs declined as a % of revenue to 61% in Q1 FY 11 from 64% in Q1 FY10; reflects management's efforts to reduce cost structure

Balance Sheet Highlights and Backlog

	As at Dec 31, 2010	As at Sept 30, 2010	% Δ
Cash and Investments	\$18,512	\$19,573	-5%
A/R	\$14,752	\$14,960	-1%
DSO	87 days	82 days	5 days
Working Capital	\$22,272	\$24,361	-9%
Backlog	\$37,266	\$36,480	2%

Q&A

Thank you.

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