



Redknee Solution Inc. (TSX:RKN)

Innovate. Personalize. Profit.

FISCAL 1Q 2010 RESULTS CALL
▶ **FEBRUARY 11, 2010**

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

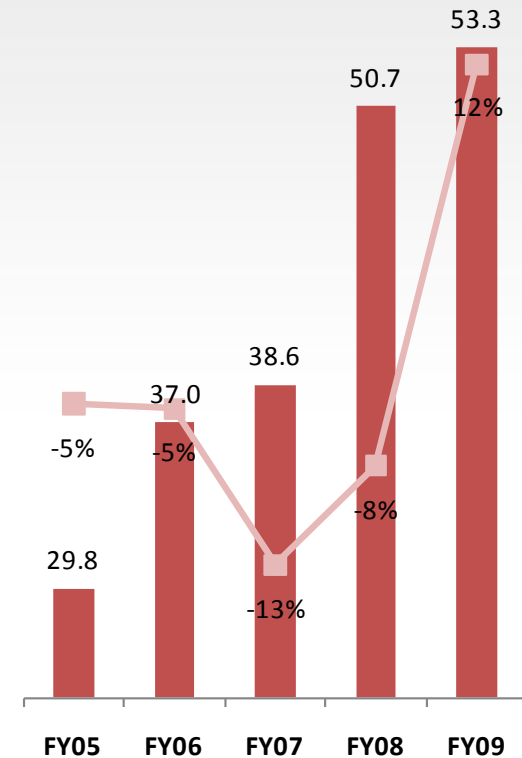
- Strong global organization, product platform, patents
- Strong global customer base with 70+ customers in 50+ countries
- Cash, no-debt & increasing scale of business



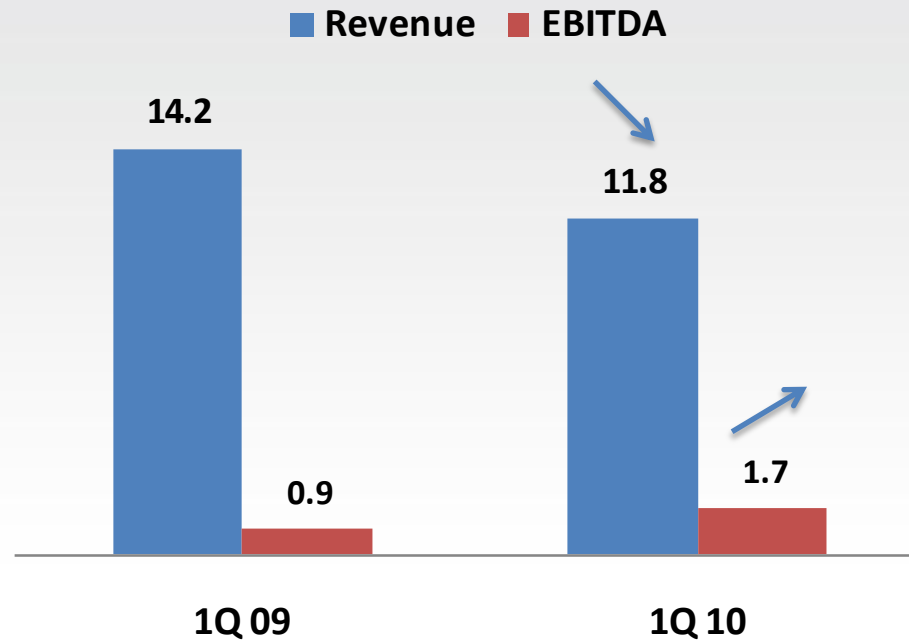
1st Quarter Fiscal 2010 Highlights

- Revenue of \$11.8M (Q1 2009: \$14.2M)
- EBITDA of \$1.7M (Q1 2009: \$0.9M)
- Operating profit of \$0.8M (Q1 2009: \$3.2M)
- Strong recurring revenues (43% of total)
- Two new customers – NA & EMEA
- Cash of \$23.5M & \$10M USD of undrawn LoC

Revenues & EBITDA %



First Quarter – Continued Profitability Growth



- Revenue down 17% to \$11.8M (Q1 2009: \$14.2M)
- EBITDA growth of 89% to \$1.7M (Q1 2009: \$0.9M)

Recognized Solution & Organizational Strengths

Technology Marketing Corporation (TMC) has named Redknee's customer care solution, One Call Resolution, a recipient of the 2009 INTERNET TELEPHONY BSS/OSS Excellence Award presented by INTERNET TELEPHONY magazine.

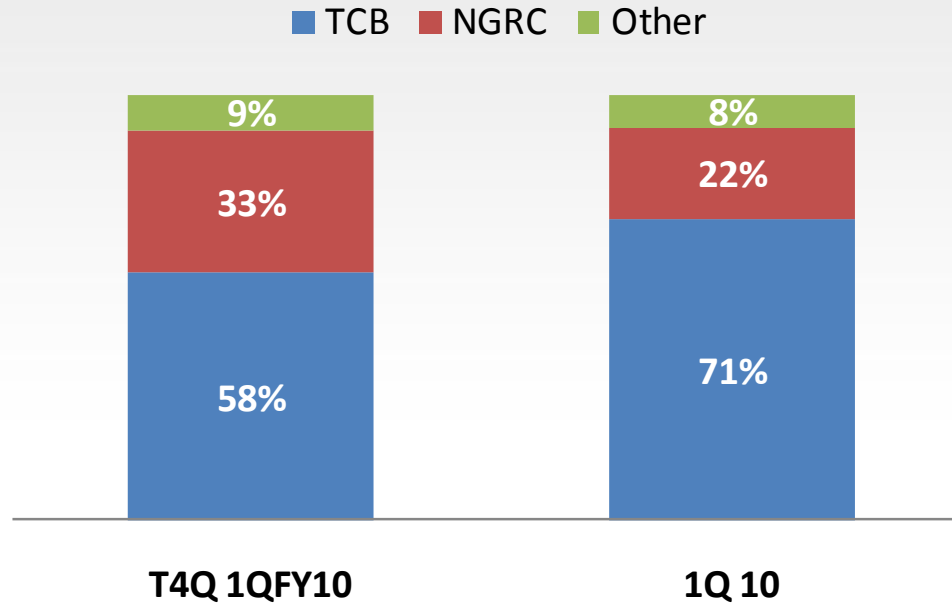


Redknee's Long Term Measures of Success

- **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

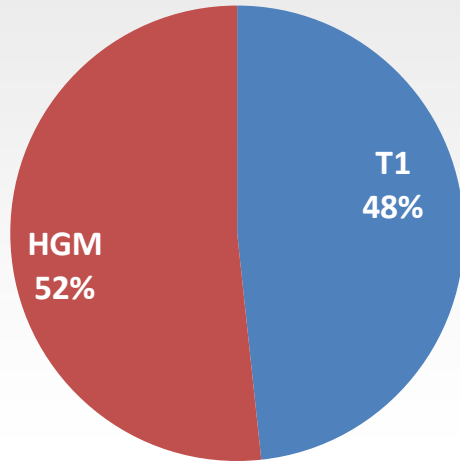
Revenue by Product



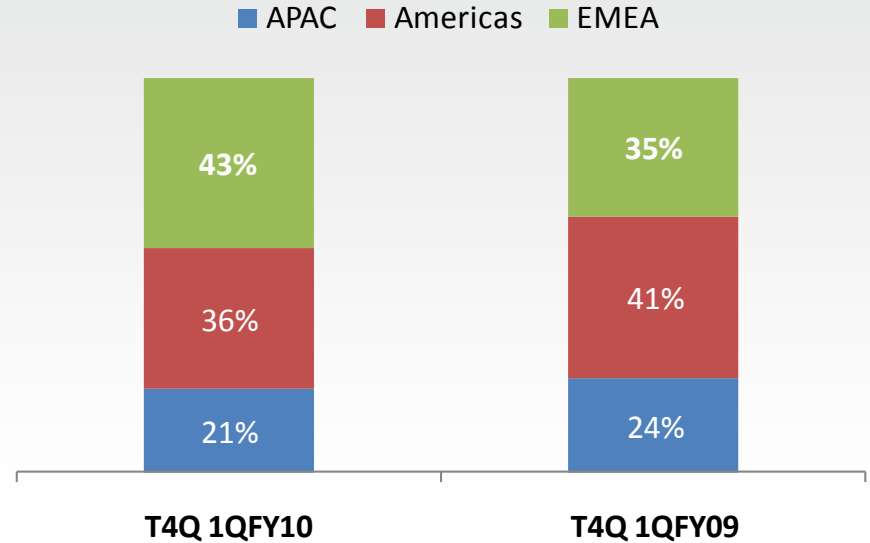
- **Turnkey Converged Billing was 71% of 1Q10 revenues**
- **Monetization for Tier 1 & HGM contributed over 90% of T4Q revenues**

Redknee's Market Share Growth

T4Q 1QFY10 T1/HGM Revenue

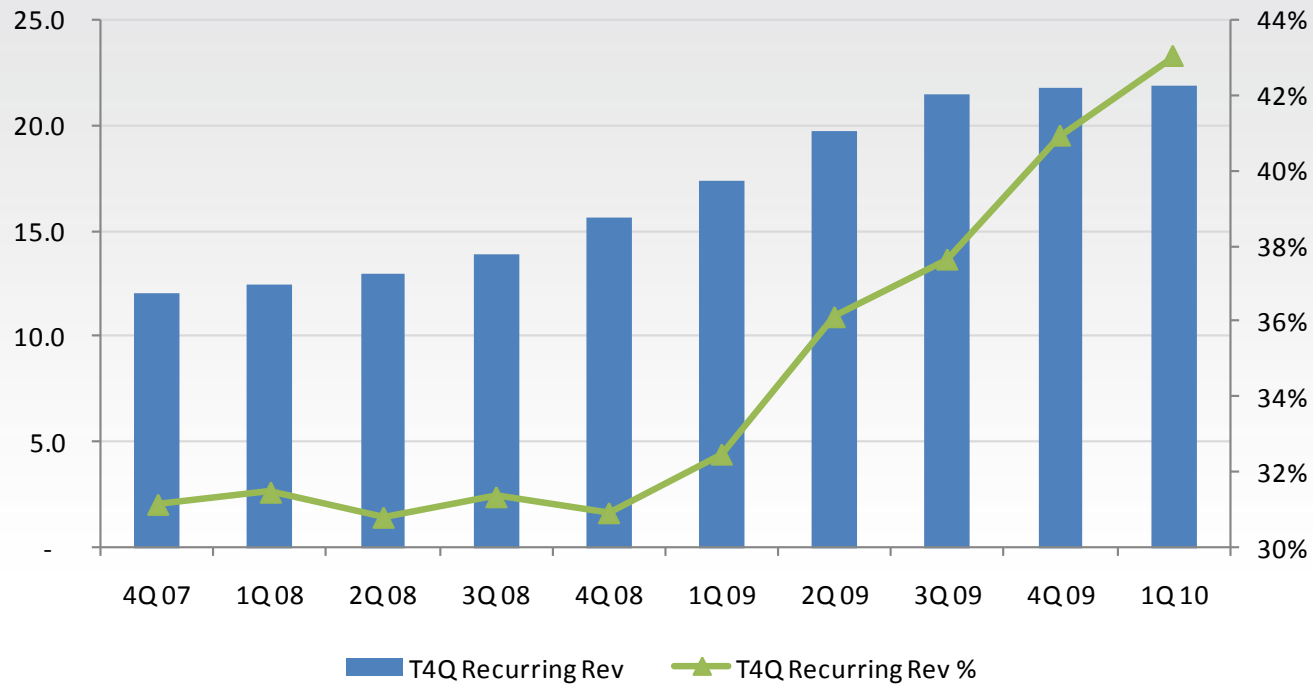


Revenue Segmentation



- Added two new operators and took market share
- Globally diversified revenue
 - Tier 1 (48%) & High Growth Markets (52%)
- Notable contracts
 - New Tier-1 OCR win in North America
 - New HGM TCB replacement contract in EMEA
 - License TCB expansions with service providers across APAC & EMEA

Redknee's Recurring Revenues



- **Recurring revenues**

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

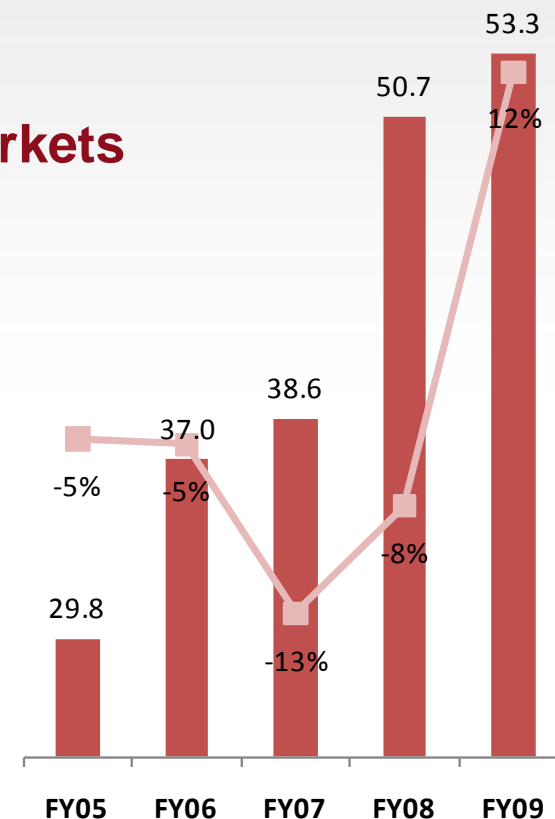
- **Recurring revenues grew to 43% in 1Q10 (1Q09: 35%)**

- **Recurring revenues at 43% in T4Q 1Q10 (1Q09: 32%)**

1Q10 Summary

- **Growing global market opportunity**
 - **Wireless data growth**
 - **Wireless subscriber growth in emerging markets**
- **Strong gross margin & profitable**
- **Growing recurring revenues**
- **Strong cash position & debt free**
- **Competitive product with patents**

Revenues & EBITDA %



1Q 2010 Financial Summary

	1Q 10	1Q 09	% ?
Revenue	11,780	14,217	-17%
Gross Profit \$	9,061	10,847	-16%
Gross Profit %	77%	76%	
EBITDA ¹	1,663	942	77%
Operating Profit	848	3,199	-73%
Basic EPS	\$ 0.01	\$ 0.05	-80%

- Cash and equivalents at \$23.5 million (September 30, 2009: \$25.8 million)

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

1Q 2010 Financial Summary - Revenue

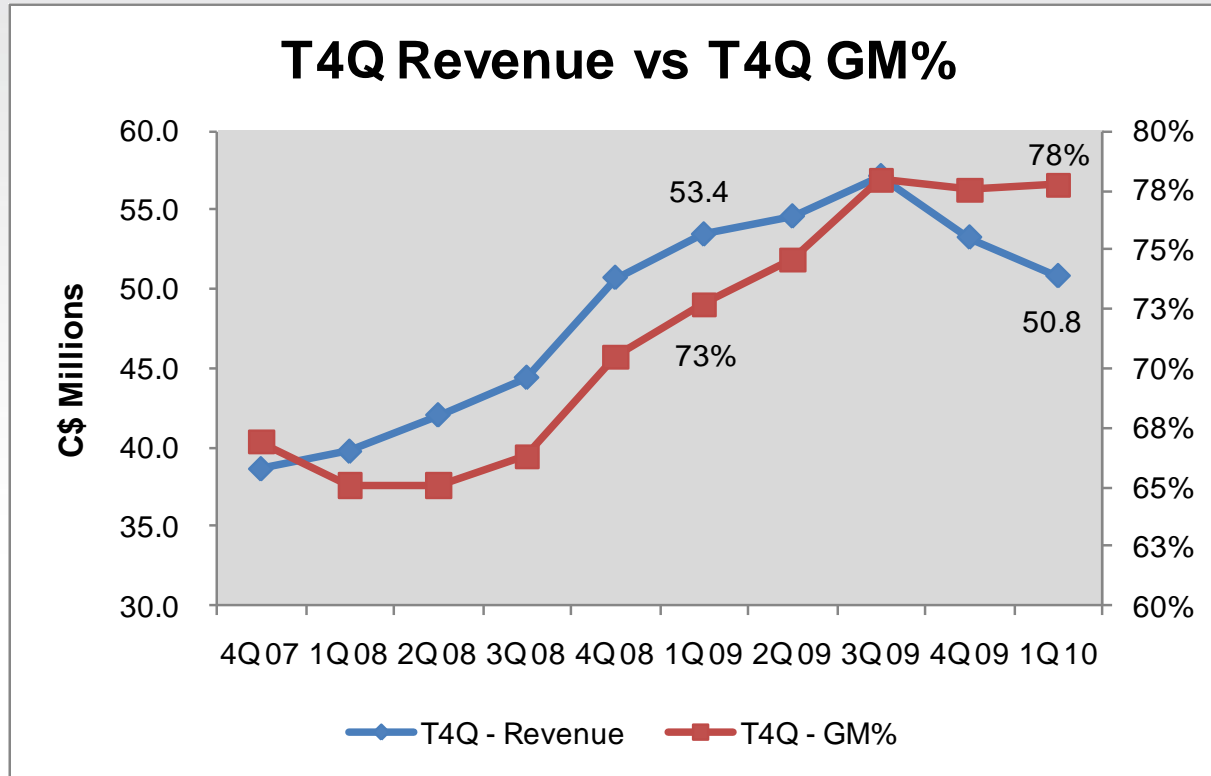
(CDN \$000's)	1Q 10	1Q 09	%Δ
Software and Services	6,742	9,033	-25%
<i>%of Total</i>	<i>57%</i>	<i>64%</i>	
Third Party	261	365	-29%
<i>%of Total</i>	<i>2%</i>	<i>3%</i>	
Support and Subs.	4,777	4,819	-1%
<i>%of Total</i>	<i>41%</i>	<i>34%</i>	
Total Revenue	11,780	14,217	-17%

(CDN \$000's)	1Q 10	1Q 09	%Δ
Recurring Rev. \$ (a)	5,060	4,985	2%
<i>%of Total</i>	<i>43%</i>	<i>35%</i>	

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

- **Recurring revenue 43% of total**

1Q 2010 Financial Summary – Gross Margins



- **Gross Profit of \$9.1M or 77% of revenue in Q1 FY10**
- **T4Q 1Q 2010 Gross Margin at 78% (1Q 2009: 73%)**

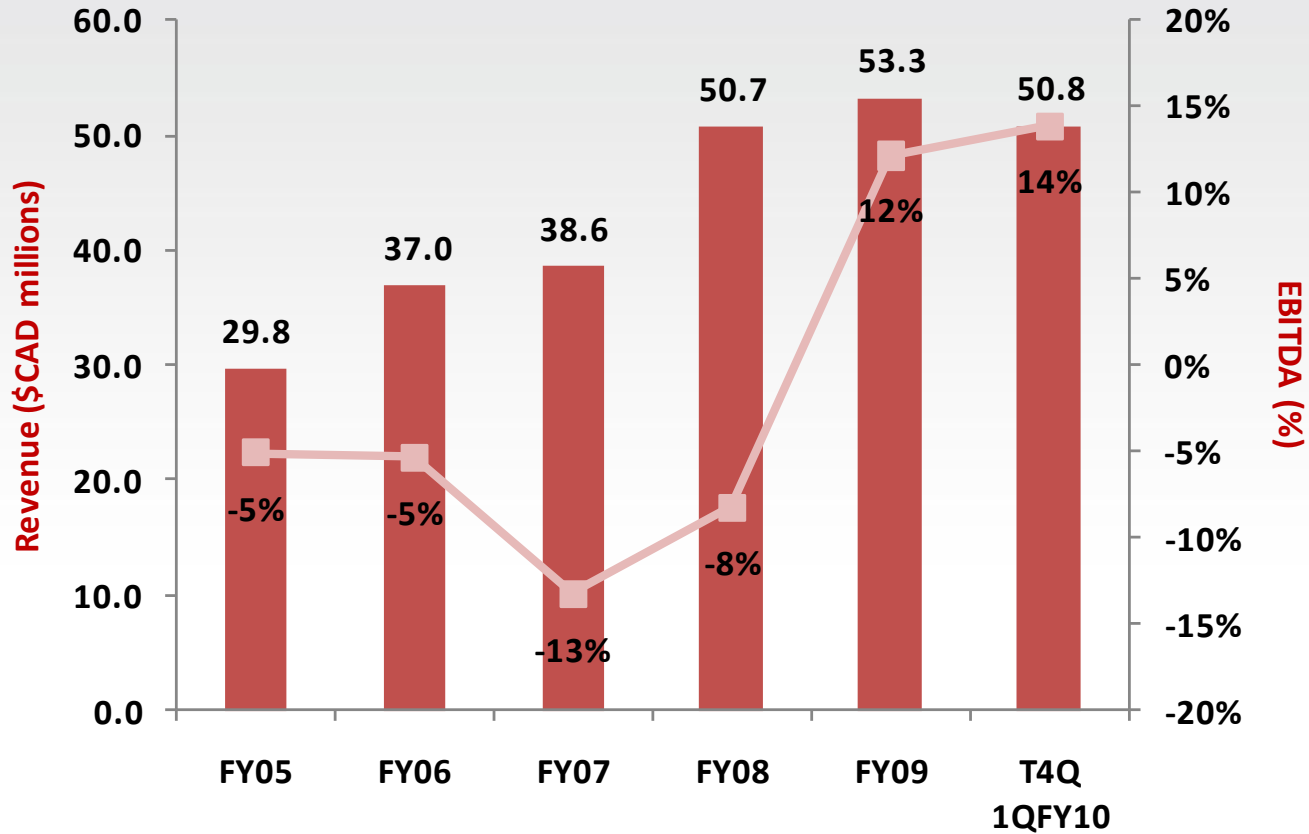
1Q 2010 Financial Summary – Operating Costs

(CDN 000's)	1Q 10	1Q 09	\$ Change	% Δ
S & M	3,157 27%	4,380 31%	(1,223)	-28%
G & A	1,661 14%	2,370 17%	(710)	-30%
R & D	2,743 23%	3,343 24%	(600)	-18%
Total OpEx	7,560 64%	10,093 71%	(2,533)	-25%

Operating costs declined as a % of revenue to 64% in 1Q10 from 71% in 1Q09; reflects management's efforts to reduce cost structure

Operating Expenses exclude amortization and foreign exchange gain (loss).

1Q 2010 Financial Summary - EBITDA



- T4Q EBITDA \$7.0M in 1Q10 vs (\$1.5M) in 1Q09
- T4Q EBITDA at 14% in 1Q10 from -3% in 1Q09

Balance Sheet Highlights and Backlog

	As at Dec 31, 2009	As at Sep 30, 2009	% ?
Cash and Equivalents	\$23,512	\$25,770	-9%
A/R	\$9,710	\$8,160	19%
DSO	77 days	75 days	- 2 days
Working Capital	\$23,294	\$22,144	5%
Backlog	\$23,843	\$25,200	-5%

Q&A

Thank you.

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