



Redknee Solutions Inc.

REDKNEE

Innovate. Personalize. Profit.

FISCAL 2Q 2010 RESULTS CALL ▶ MAY 6, 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

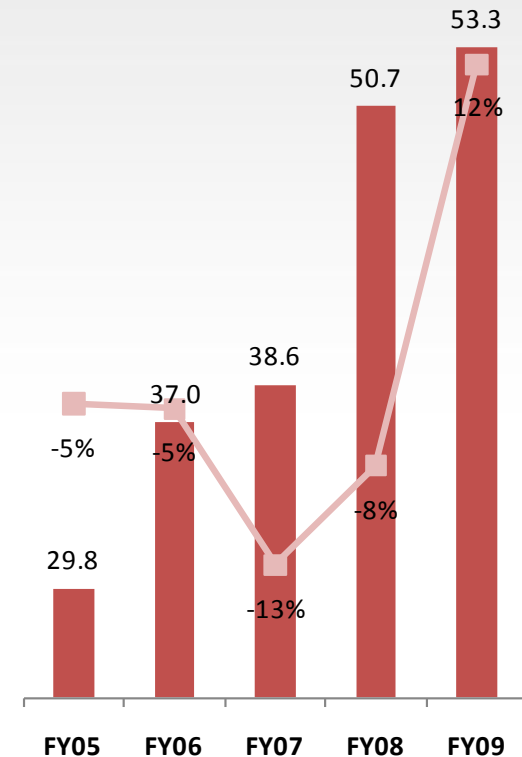
- Strong global organization, product platform with growing number of patents
- Strong global customer base with 70+ customers in 50+ countries
- Cash, no-debt & increasing scale of business



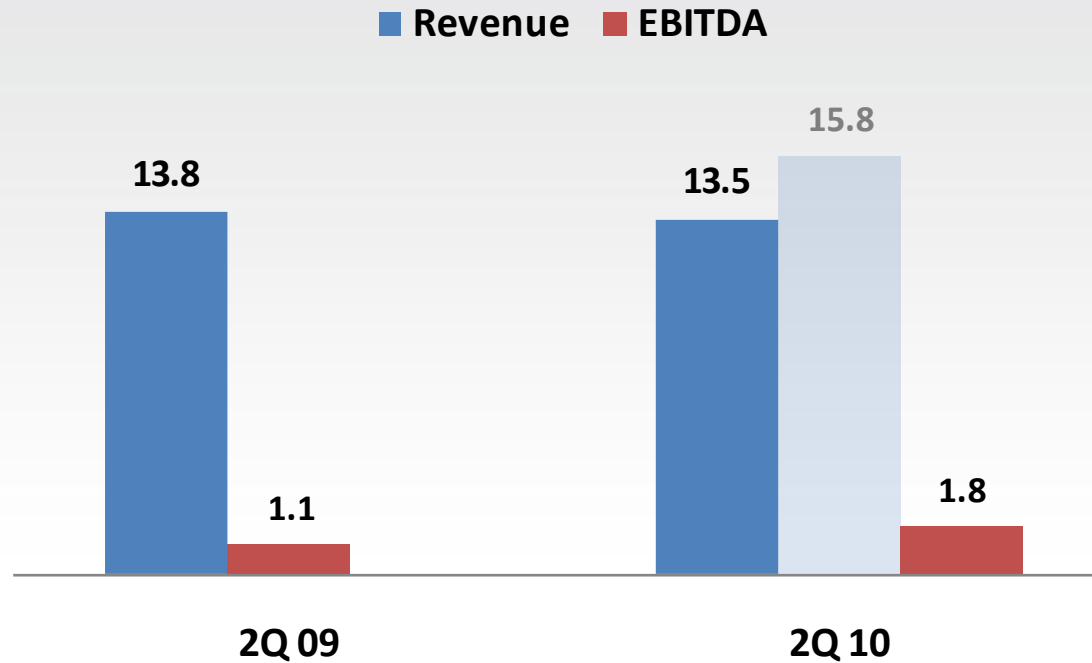
Second Quarter Fiscal 2010 Highlights

- Revenue of \$13.5M (Q2 2009: \$13.8M)
 - Constant currency \$15.8M
- EBITDA of \$1.8 M (Q2 2009: \$1.1M)
- EPS of \$0.01 (Q2 2009: \$0.00)
- Strong recurring revenues (T4Q 41%)
- Record backlog \$30M (Q1 2010: \$24M)
- Three new TCB customers – all markets
- Cash of \$19.8M & \$10M USD of undrawn LoC

Revenues & EBITDA %



Second Quarter – Continued Profitability Growth



- Revenue at \$13.5M (Q2 2009: \$13.8M)
- Constant currency: revenue growth of 15% to \$15.8M
- EBITDA growth of 55% to \$1.8M (Q1 2009: \$1.1M)

Recognized Solution & Organizational Strengths



- **Agreement with Microsoft**

- Extends Redknee's reach into the global markets that Microsoft serves, while also enhancing the Microsoft portfolio of partner-led industry solutions

- **Platinum 50th Best Managed Companies**

- Management excellence award – 8th consecutive
- Measures success of a company beyond its financial performance, assessing the overall business performance and sustained growth of the organization

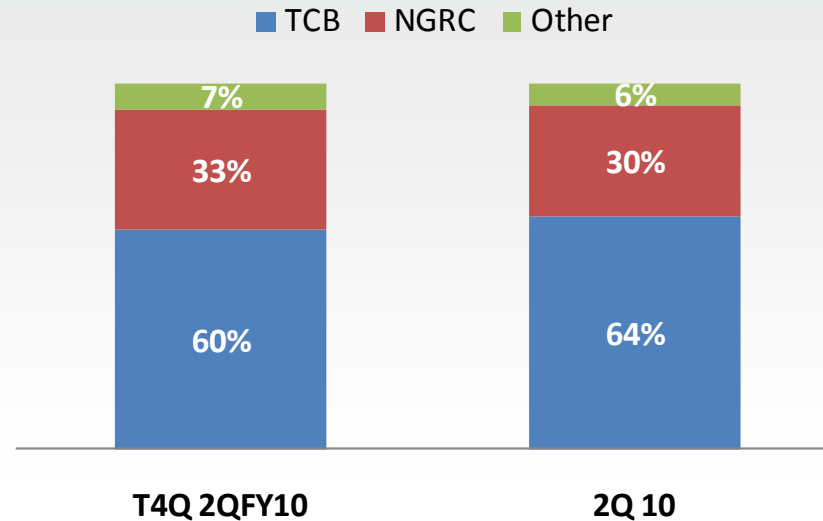


Redknee's Long Term Measures of Success

- **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

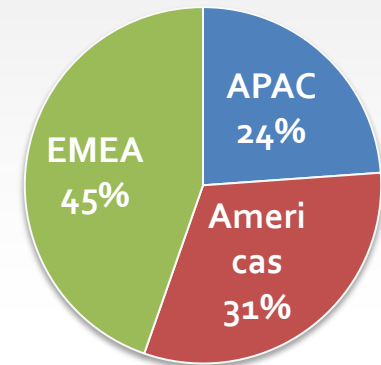


- **Turnkey Converged Billing** was 64% of 2Q10 revenues
- **Monetization** contributed over 93% of T4Q revenues
- **Patents: 19 granted and 58+ pending**

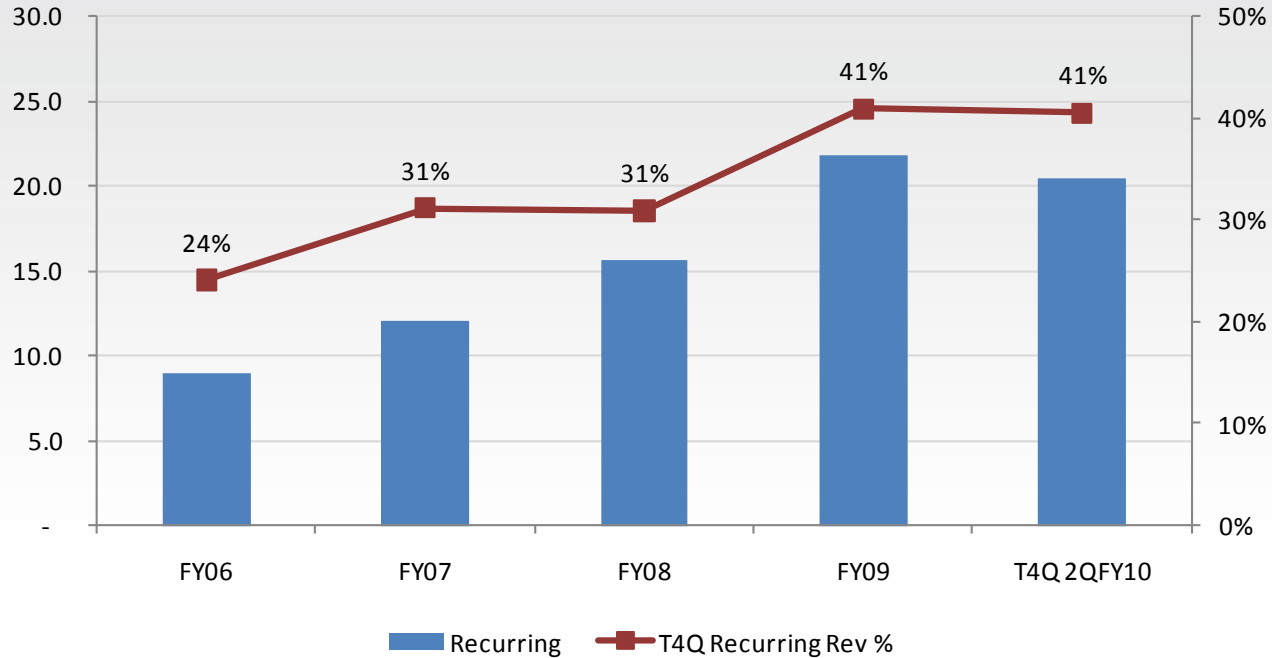
Redknee's Market Share Growth

- **Market share growth**
- **Globally diversified revenue**
- **Notable contracts**
 - **TCB wins in APAC, Americas and EMEA**
 - **TCB upgrades in existing customers**
 - **License & functionality expansion of our NGRC platforms globally**

Revenue Segmentation
T4Q 2QFY10



Redknee's Recurring Revenues



- **Recurring revenues**

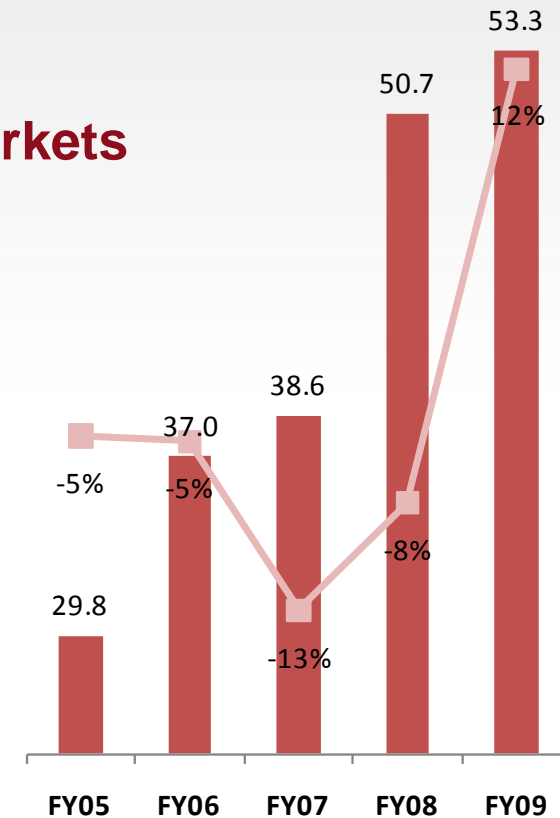
- **Support & Maintenance Agreements**
- **Software Subscription**
- **Term based product licenses**

- **Recurring revenues on T4Q basis was 41% of revenues**

Second Quarter 2010 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 %



Second Quarter Financial Summary

	2Q 10	2Q 09	% Δ	1H 10	1H 09	% Δ
Revenue	13,466	13,750	-2%	25,246	27,967	-10%
Gross Profit \$	9,732	10,828	-10%	18,793	21,675	-13%
Gross Profit %	72%	79%		74%	78%	
EBITDA ¹	1,843	1,139	62%	3,506	2,082	68%
Operating Profit (Loss)	458	468	-2%	1,306	3,667	-64%
Basic EPS	\$ 0.01	\$ -	100%	\$ 0.02	\$ 0.05	-60%

- Cash and investments at \$19.8 million (September 30, 2009: \$25.8 million)

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

Second Quarter Financial Summary - Revenue

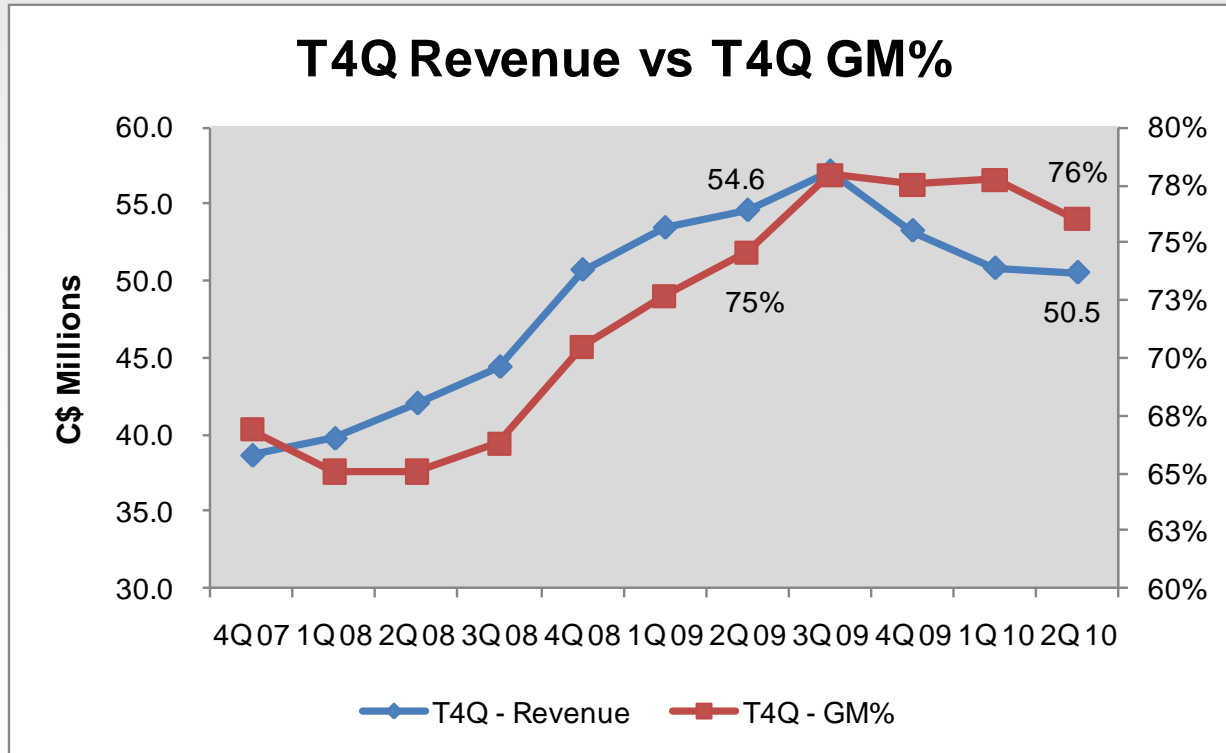
(CDN \$000's)	2Q 10	2Q 09	%Δ	1H 10	1H09	%Δ
Software and Services	8,026	7,647	5%	14,769	16,680	-11%
<i>%of Total</i>	<i>60%</i>	<i>56%</i>		<i>58%</i>	<i>60%</i>	
Third Party	1,129	288	292%	1,390	653	113%
<i>%of Total</i>	<i>8%</i>	<i>2%</i>		<i>6%</i>	<i>2%</i>	
Support and Subs.	4,311	5,815	-26%	9,088	10,633	-15%
<i>%of Total</i>	<i>32%</i>	<i>42%</i>		<i>36%</i>	<i>38%</i>	
Total Revenue	13,466	13,750	-2%	25,246	27,967	-10%

(CDN \$000's)	2Q 10	2Q 09	%Δ	1H 10	1H09	%Δ
Recurring Rev. \$ (a)	4,598	5,982	-23%	9,659	10,966	-12%
<i>%of Total</i>	<i>34%</i>	<i>44%</i>		<i>38%</i>	<i>39%</i>	

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

- Recurring revenue 34% of total

Second Quarter Financial Summary – Gross Margins



- **Gross Profit of \$9.7M or 72% of revenue in Q2 FY10**
- **T4Q 2Q 2010 Gross Margin at 76% (2Q 2009: 75%)**

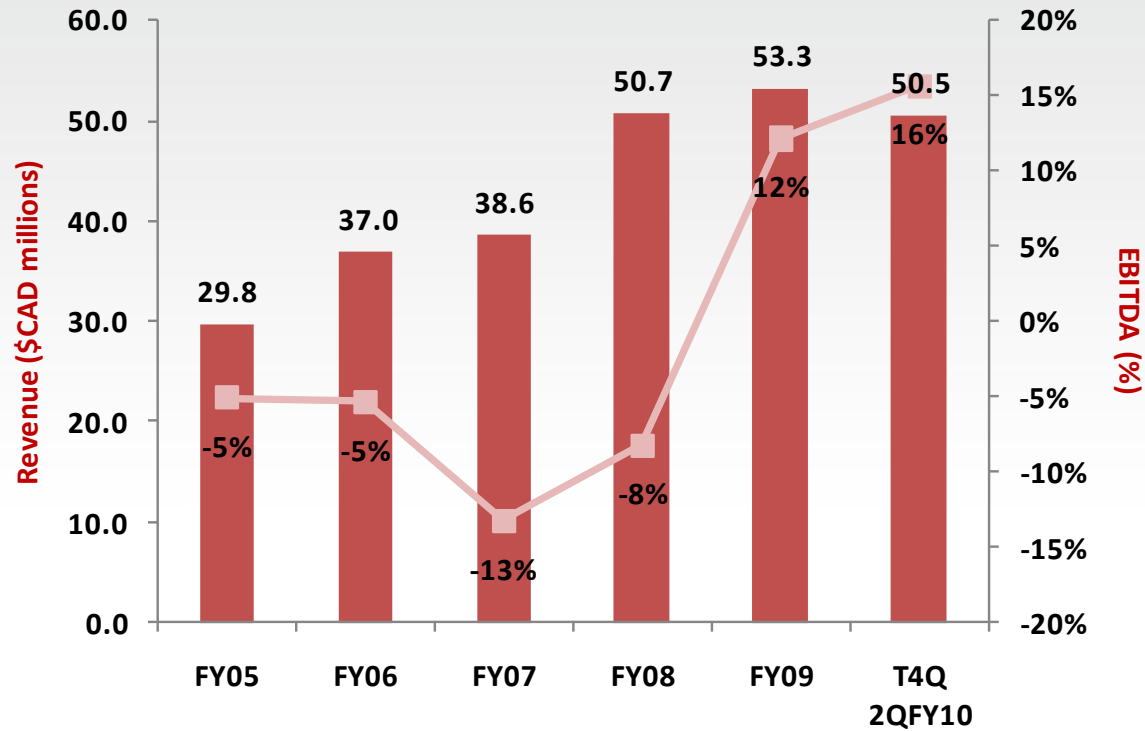
Second Quarter Financial Summary – Operating Costs

(CDN 000's)	2Q 10				2Q 09			
	2Q 10	2Q 09	\$ Change	% Δ	1H 10	1H09	\$ Change	% Δ
S & M	3,522	3,895	(373)	-10%	6,679	8,275	(1,596)	-19%
	26%	28%			26%	30%		
G & A	1,711	2,611	(900)	-34%	3,372	4,981	(1,610)	-32%
	13%	19%			13%	18%		
R & D	2,631	3,317	(685)	-21%	5,375	6,660	(1,285)	-19%
	20%	24%			21%	24%		
Total OpEx	7,865	9,823	(1,959)	-20%	15,425	19,917	(4,492)	23%
	58%	71%			61%	71%		

Operating costs declined as a % of revenue to 58% in 2Q10 from 71% in 2Q09; reflects management's efforts to reduce cost structure

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

Second Quarter Financial Summary - EBITDA



- T4Q EBITDA \$7.9M in 2Q10 vs \$0.2M in 2Q09
- T4Q EBITDA at 16% in 2Q10 from 0% in 2Q09

Balance Sheet Highlights and Backlog

	As at Mar 31, 2010	As at Sep 30, 2009	% Δ
Cash and Investments	\$19,776	\$25,770	-23%
A/R	\$11,181	\$8,160	37%
DSO	76 days	75 days	1 day
Working Capital	\$24,306	\$22,144	10%
Backlog	\$29,854	\$25,200	18%

Q&A

Thank you.

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