



Redknee Difference

Innovate. Personalize. Profit.

2Q FISCAL 2009 RESULTS CALL ► MAY 13, 2009

REDKNEE

Innovate. Personalize. Profit.

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About Us

Redknee is a leading global provider of innovative communication software products, solutions and services to price and charge every subscriber for all services and content to maximize business value

• What we do

- Our customers are mobile, fixed and satellite service providers around the world
- Our solutions enable our customers to manage their subscribers, while billing & merchandising all the services, content and application on their networks

• Strong track record

- Global customer base with over 70 customers in more than 50 countries

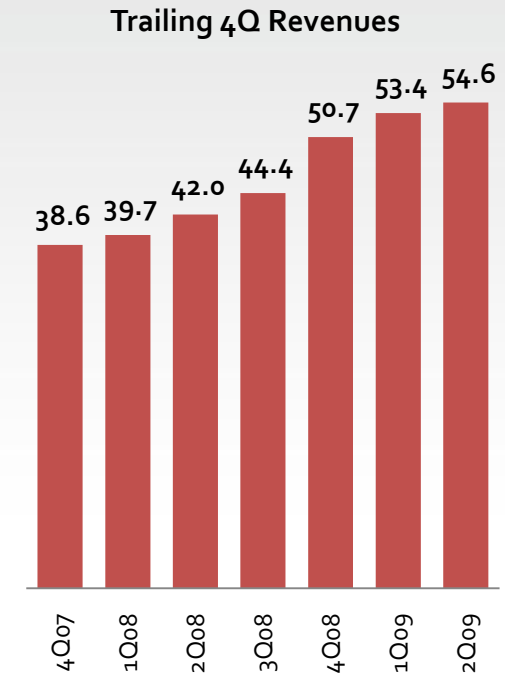
• Established growth business

- Founded in 1999
- Public company (TSX: RKN)

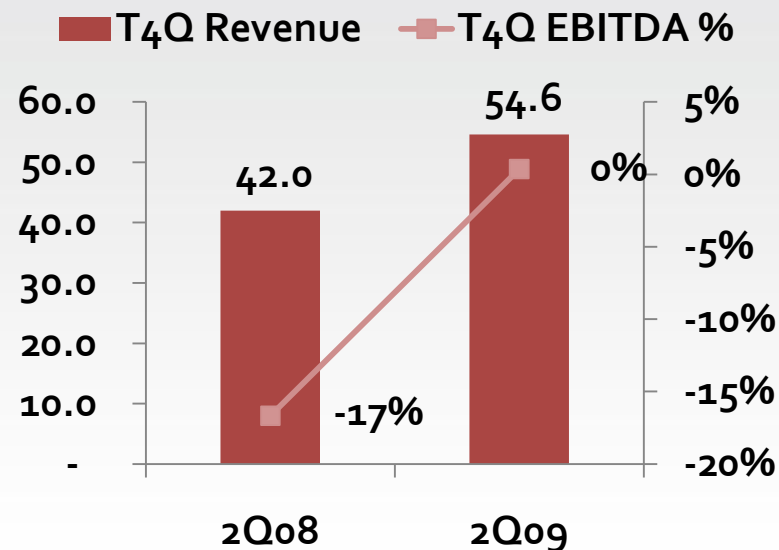
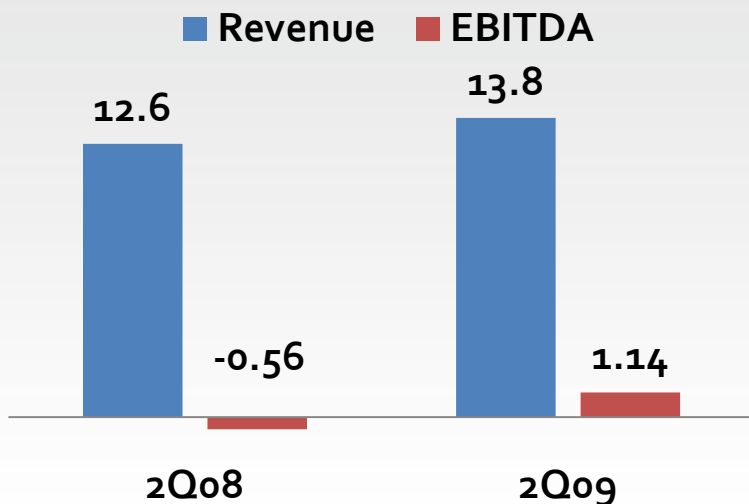


2ND Quarter/1st Half of Fiscal 2009 Highlights

- Revenue up 9% to \$13.8M (Q2 2008: \$12.6M)
- EBITDA of \$1.1M (Q2 2008 loss of \$0.6M)
- Operating profit of \$0.5M (Q2 2008: \$0.9M)
- Multi-million \$\$ contract with Bintel group
- Platinum 50 Best Managed Company
- Strong recurring revenues (T4Q: 36%)
- Strong backlog of \$27.5M
- Strong cash of \$20.2M & \$10M USD of undrawn LoC
- IPR position at 16 issued & 51 pending patents



2ND Quarter – Continued Growth With Profitability



- Revenue up 9% to \$13.8M (Q2 2008: \$12.6M)
- T4Q revenue up 30% to \$54.6M (Q2 2008: \$42M)
- EBITDA of \$1.1M (Q2 2008: loss of \$0.56M)
- T4Q EBITDA of \$200k (Q2 2008: loss of \$7M)
- Reduced break-even point

2ND Quarter – Recognized Organizational Strength

- **Platinum Best Managed Companies**
- **50 Best Managed Company in Canada**
 - **For six consecutive years**
- **Platinum companies characteristics**
 - **Consistently build value**
 - **Adapt to change**
 - **Demonstrate strategic capability in ever changing environment**



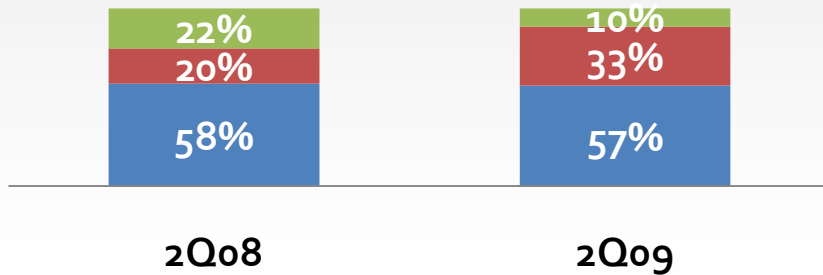
Redknee's Long Term Measures of Success

- **Continued expansion of our business-critical solutions to our global customer base**
- **Market share growth in our addressable markets**
- **Growing recurring revenues**

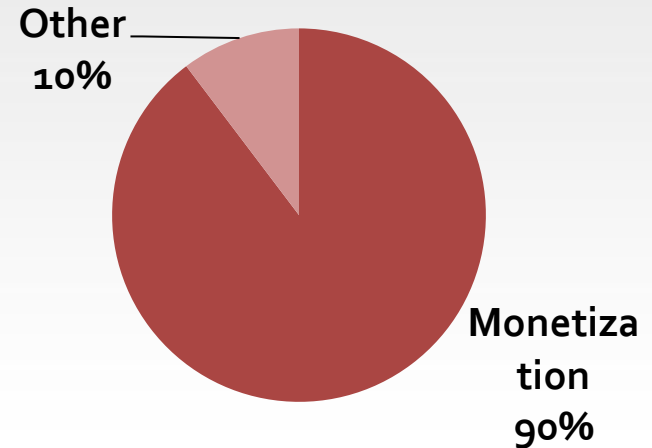
Redknee's Business-Critical Solutions

Revenue By Product

■ TCB ■ NGRC ■ Other



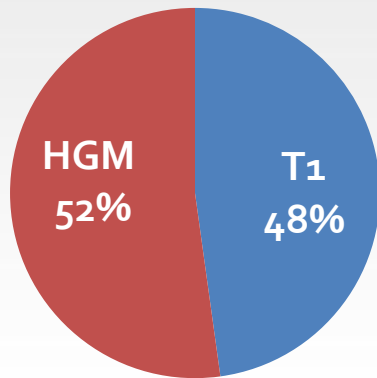
Revenue By Product



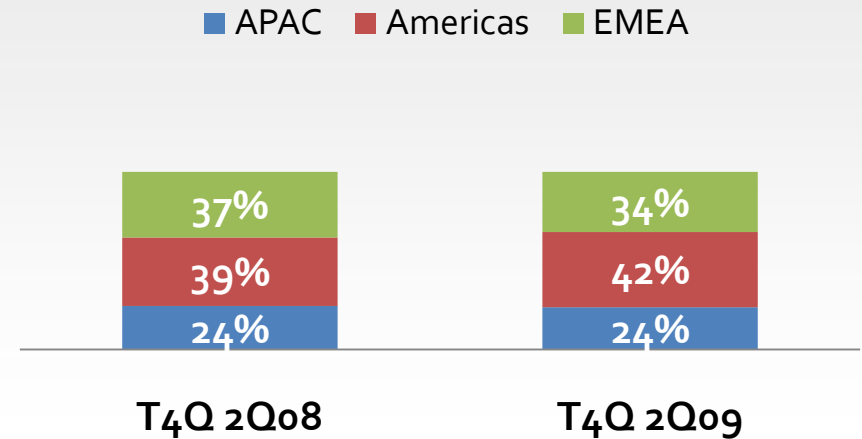
- Turnkey Converged Billing (TCB) was 57% of 2Q 2009 revenues
- NGRC revenue grew fastest at 80% yoy in 2Q 2009 and accounted for 33% of 2Q 2009 revenues
- Monetization for Tier 1 & HGM drove 90% of revenues in 2Q 2009

Redknee's Market Share Growth

2Q09 T1/HGM Revenue

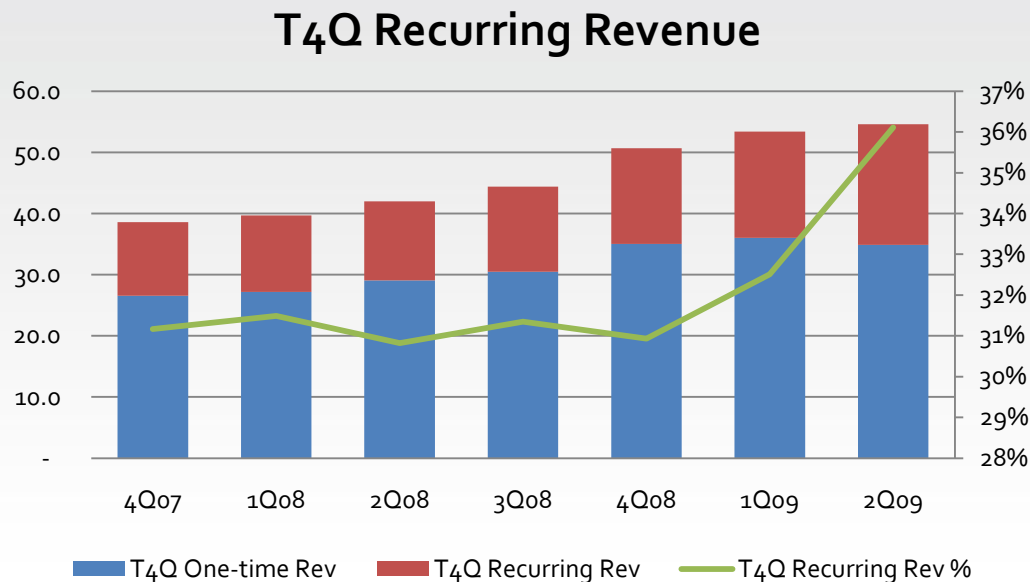


Revenue Segmentation – T4Q



- Globally diversified revenue: Tier 1 & High Growth Markets (HGM)
- T1 / HGM were 48%/52% of revenues in 2Q (T4Q: 53%/47%)
- New HGM group customer: Bintel

Redknee's Recurring Revenues



• Recurring revenues

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

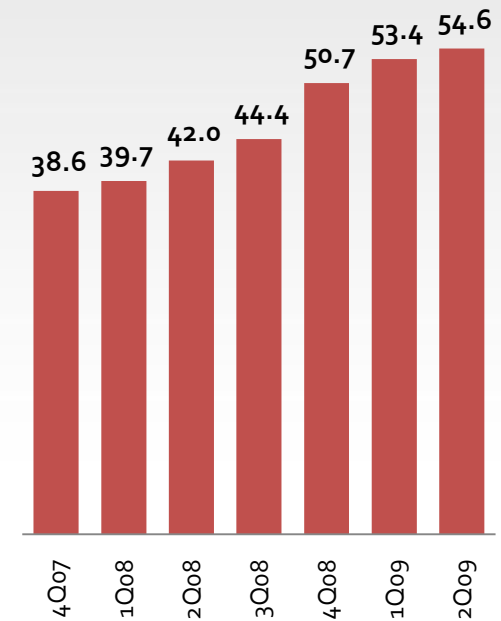
• Recurring revenues grew to 44% in 2Q 2009 (2Q 2008: 29%)

• T4Q recurring revenues at 36% in 2Q 2009 (2Q 2008: 31%)

2Q 2009 Summary

- **Growing in an expanding market**
- **Profitable**
- **Increasing recurring revenues**
- **Strong cash position**
- **Competitive product with patents**
- **Disciplined execution of strategy**

Trailing 4Q Revenues



2Q 2009 Financial Summary

	2Q 09	2Q 08	% Δ	1H 09	1H 08	% Δ
Revenue	13,750	12,610	9%	27,967	24,088	16%
Gross Profit \$	10,828	8,966	21%	21,675	16,702	30%
Gross Profit %	79%	71%		78%	69%	
EBITDA ¹	1,139	(559)	304%	2,082	(2,292)	191%
Operating Profit (Loss)	468	921	-49%	3,667	(1,188)	409%
Basic EPS	\$ -	\$ 0.01	-100%	\$ 0.05	\$ (0.03)	267%

- Cash and investments at \$20.2 million (September 30, 2008: \$15.3 million)

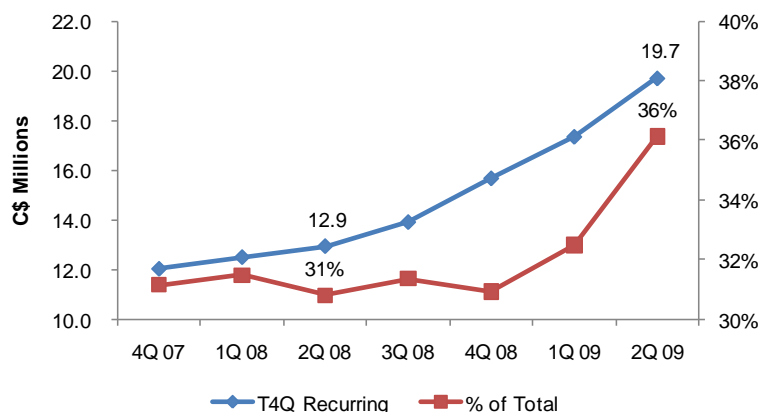
1) EBITDA = Income (Loss) from Operations, plus foreign exchange gain (loss), amortization and stock-based compensation

2Q 2009 Financial Summary - Revenue

(CDN \$000's)	2Q 09	2Q 08	%Δ	1H 09	1H 08	%Δ
Software and Services	7,647	7,894	-3%	16,680	15,752	6%
<i>% of Total</i>	<i>56%</i>	<i>63%</i>		<i>60%</i>	<i>65%</i>	
Third Party	288	1,234	-77%	653	1,595	-59%
<i>% of Total</i>	<i>2%</i>	<i>10%</i>		<i>2%</i>	<i>7%</i>	
Support and Subs.	5,815	3,483	67%	10,633	6,741	58%
<i>% of Total</i>	<i>42%</i>	<i>28%</i>		<i>38%</i>	<i>28%</i>	
Total Revenue	13,750	12,610	9%	27,967	24,088	16%

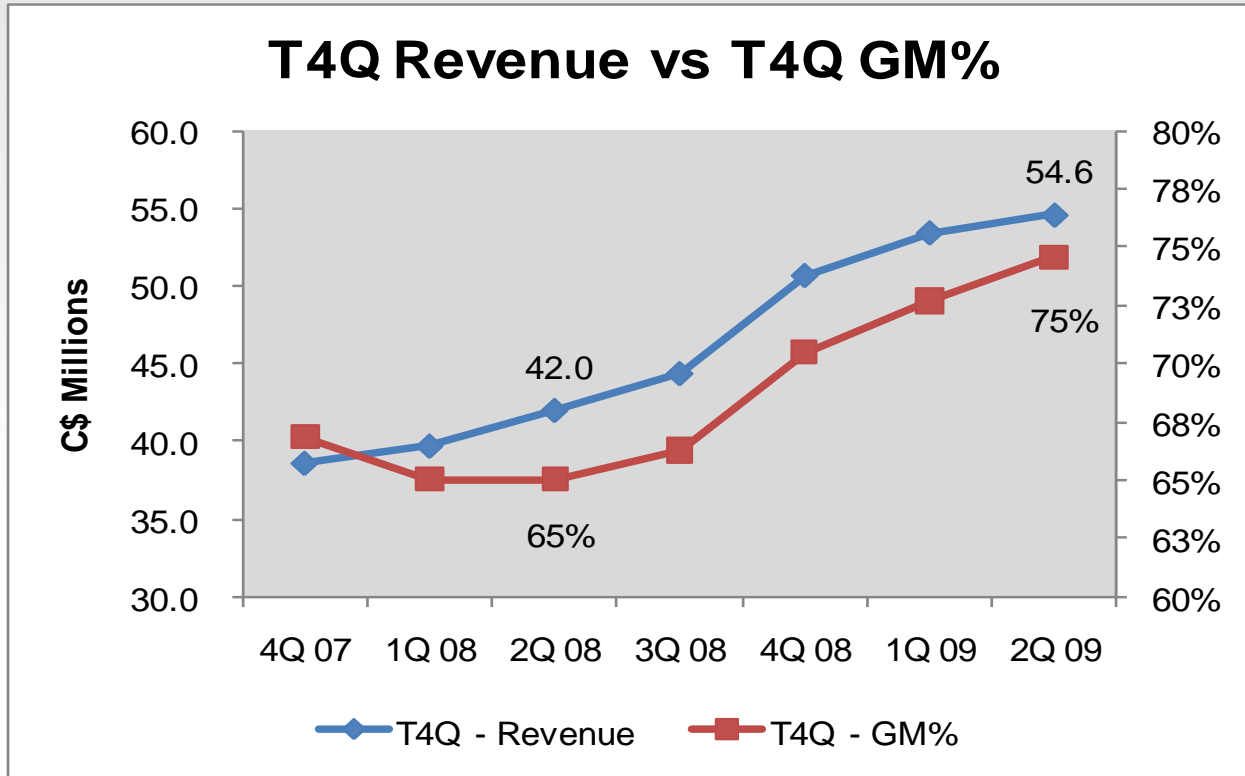
(CDN \$000's)	2Q 09	2Q 08	%Δ	1H 09	1H 08	%Δ
Recurring Rev. \$ (a)	5,982	3,625	65%	10,966	6,932	58%
<i>% of Total</i>	<i>44%</i>	<i>29%</i>		<i>39%</i>	<i>29%</i>	

T4Q Recurring Revenue vs % of Total



- Revenues up 9% in Q209
- Recurring revenue 44% of total in Q209 and 36% of total on a T4Q basis

2Q 2009 Financial Summary – Gross Margins

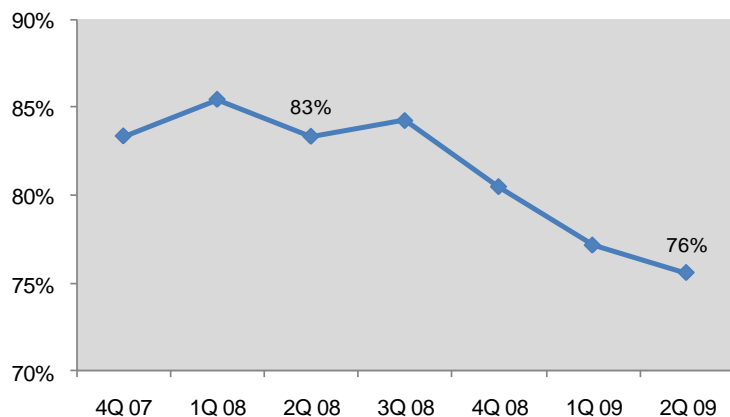


- **Gross Profit of \$10.8M or 79% of revenue in Q209**
- **T4Q Gross Margin at 75%**

2Q 2009 Financial Summary – Operating Costs

(CDN 000's)	2Q 09	2Q 08	% Δ	1H 09	1H 08	% Δ
S & M	3,895	4,334	-10%	8,275	8,111	2%
	28%	34%		30%	34%	
G & A	2,611	2,225	17%	4,981	4,840	3%
	19%	18%		18%	20%	
R & D	3,317	3,240	2%	6,660	6,521	2%
	24%	26%		24%	27%	
Total OpEx	9,823	9,800	0%	19,917	19,472	-2%
	71%	78%		71%	81%	

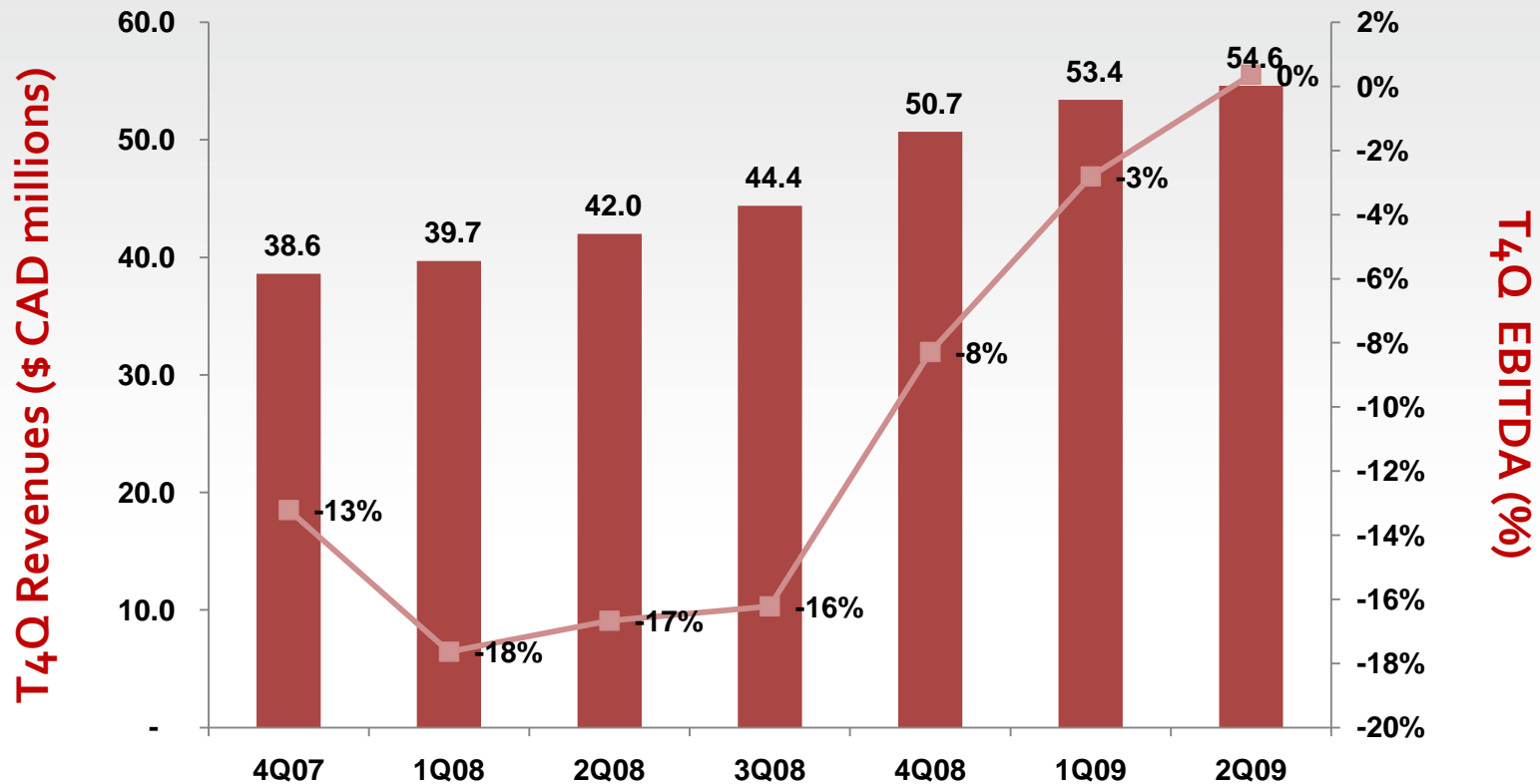
T4Q Operating Expenses as % of Sales



- Operating costs declined as a % of revenue to 71% in Q209 from 78% in Q208
- Reflects management's efforts to reduce cost structure

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

2Q 2009 Financial Summary - EBITDA



- EBITDA \$1.1M in Q209 vs (\$0.6M) in Q208
- T4Q EBITDA at 0% in Q209 from -17% in Q208

Balance Sheet Highlights and Backlog

	As at Mar 31, 2009	As at Sep 30, 2008	% Δ
Cash and Investments	\$20,169	\$15,299	32%
A/R	\$11,964	\$11,192	7%
DSO	78 days	81 days	- 3 days
Working Capital	\$19,671	\$16,507	19%
Backlog	\$27,462	\$19,627	40%

DSO for Q2 FY09 based on annualized 1H09 revenue

Thank you.

www.redknee.com

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