



Redknee Difference

Innovate. Personalize. Profit.

3 Q FISCAL 2009 RESULTS CALL ▶ AUGUST 6, 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

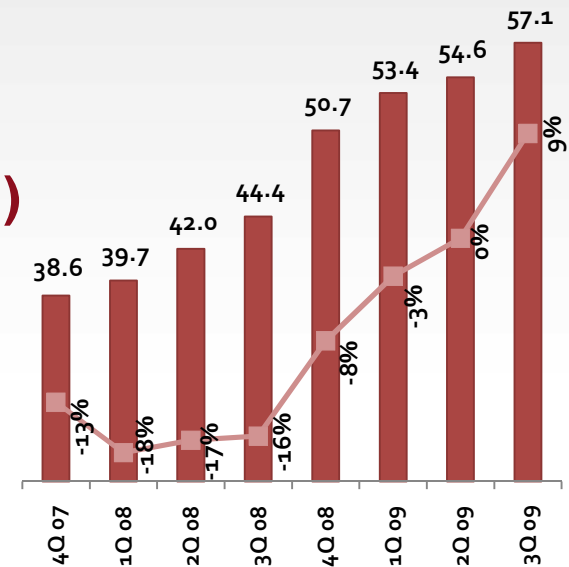
- Founded in 1999
- Public company (TSX: RKN)



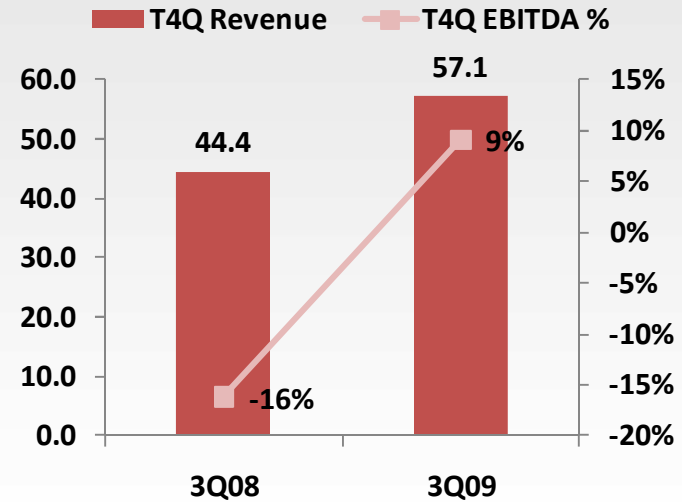
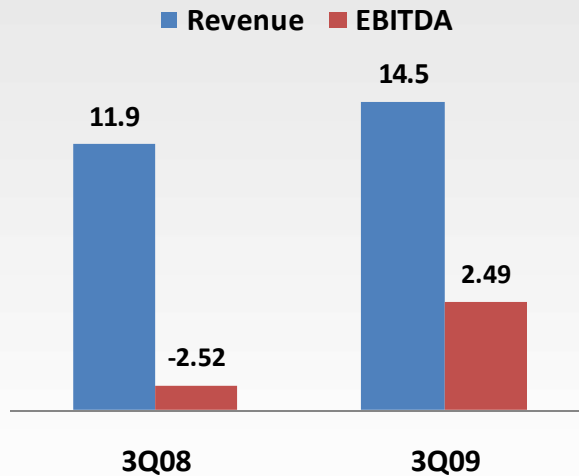
3RD Quarter Fiscal 2009 Highlights

- Revenue up 21% to \$14.5M (Q3 2008: \$11.9M)
- EBITDA of \$2.5M (Q3 2008 loss of \$2.5M)
- Operating profit of \$0.8M (Q3 2008 loss of \$3.6M)
- Multi-million \$ contract for TCB solution
- Multi-million \$ expansion with Tier-1 EMEA
- Strong recurring revenues (T4Q: 38%)
- Cash of \$22.4M & \$10M USD of undrawn LoC

Trailing 4Q
Revenues & EBITDA %



3RD Quarter – Continued Growth With Profitability



- Revenue up 21% to \$14.5M (Q3 2008: \$11.9M)
- T4Q revenue up 29% to \$57.1M (Q3 2008: \$44.4M)
- EBITDA of \$2.5M (Q3 2008: loss of \$2.5M)
- T4Q EBITDA of \$5.2M (Q3 2008: loss of \$7.2M)
- Reduced break-even point

3rd Quarter – Recognized Solution Strength

- **Stratecast Top 10 To Watch In OSS/BSS**

"Redknee has thrived on its ability to develop innovative solutions that have been proven and refined through a myriad of customer installations. Its ongoing success and continued growth, despite a faltering economy, is a result of helping its customers differentiate service offerings in some of the most competitive markets in the world. Redknee is a company to watch as the billing market continues to evolve."

**Karl Whitelock, Senior Analyst
Frost & Sullivan – Stratecast Division**

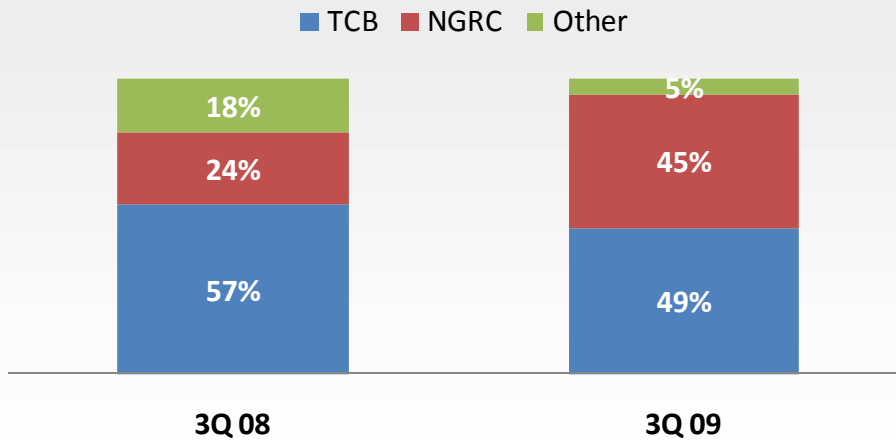


Redknee's Long Term Measures of Success

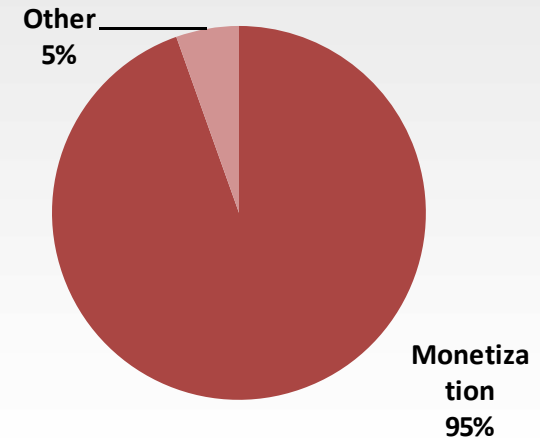
- **Continued expansion of our business-critical solutions to our global customer base**
- **Market share growth in our addressable markets**
- **Growing recurring revenues**

Redknee's Business-Critical Solutions

Revenue by Product



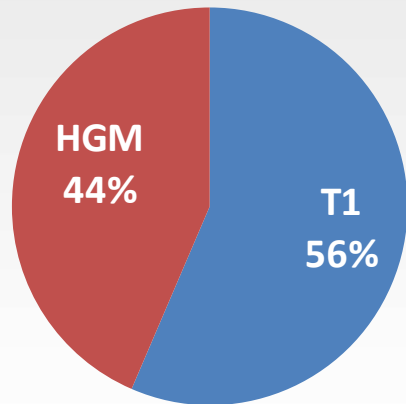
Revenue by Product



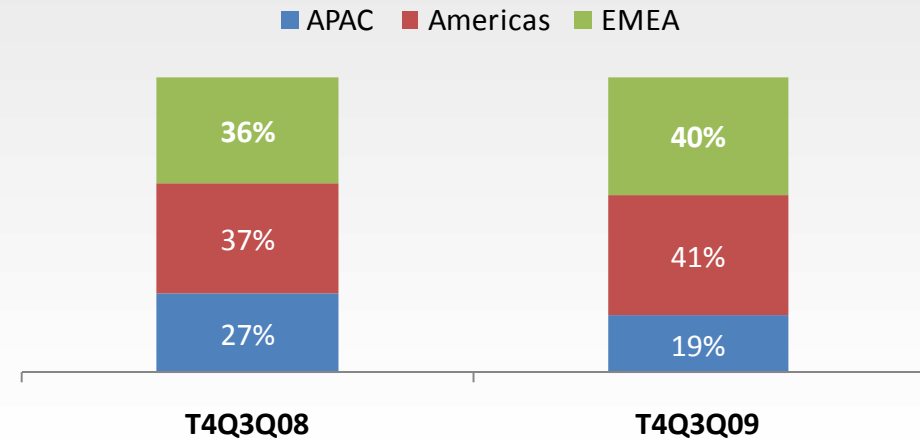
- Turnkey Converged Billing (TCB) was 49% of 3Q 2009 revenues
- Next Generation Rating & Charging (NGRC) revenue grew fastest
 - 125% yoy in 3Q 2009 and accounted for 45% of 3Q 2009 revenues
- Monetization for Tier 1 & HGM drove 95% of revenues in 3Q 2009

Redknee's Market Share Growth

3Q09 T1/HGM Revenue

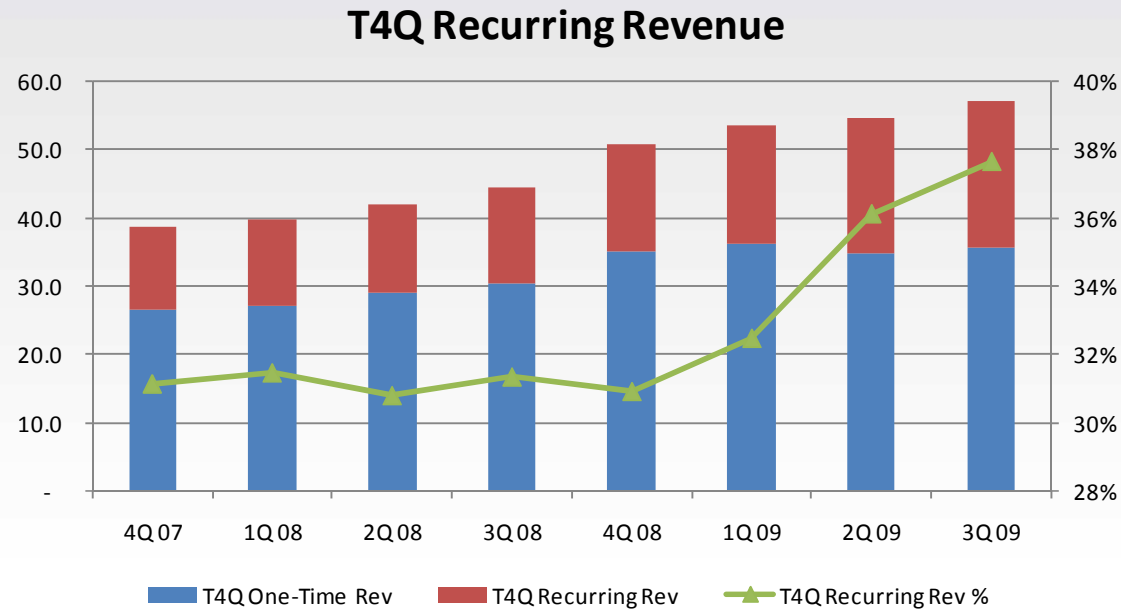


Revenue Segmentation - T4Q



- **Globally diversified revenue: Tier 1 & High Growth Markets (HGM)**
- **T1 / HGM were 56%/44% of revenues in 3Q (T4Q: 55%/45%)**
- **Notable contracts:**
 - **First triple play converged billing contract in EMEA**
 - **T1 service bureau contract in APAC**
 - **Next generation rating & charging license expansion with T1 in EMEA**

Redknee's Recurring Revenues



- **Recurring revenues**

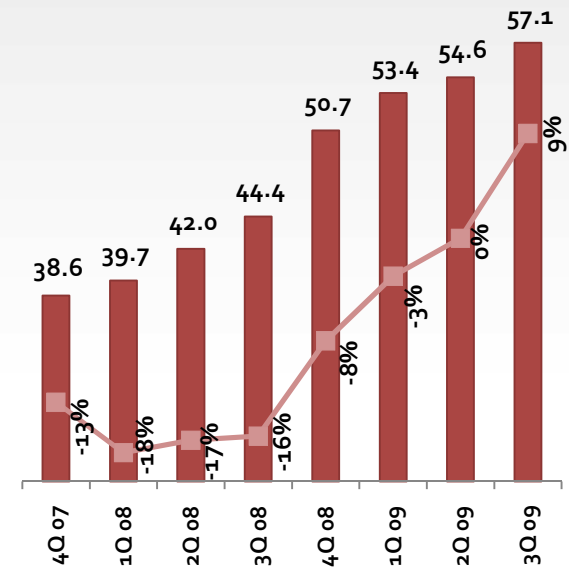
- Support & Maintenance Agreements
- Software Subscription
- Term based product licenses

- Recurring revenues grew to 40% in 3Q 2009 (3Q 2008: 33%)
- T4Q recurring revenues at 38% in 3Q 2009 (3Q 2008: 31%)

3Q 2009 Summary

- Growing in a global market
- Profitable
- Increasing recurring revenues
- Strong cash position
- Competitive product with patents
- Disciplined execution of strategy

Trailing 4Q
Revenues & EBITDA %



3Q 2009 Financial Summary

	3Q 09	3Q 08	% Δ	YTD 3Q09	YTD 3Q08	% Δ
Revenue	14,480	11,939	21%	42,447	36,027	18%
Gross Profit \$	11,471	7,654	50%	33,146	24,356	36%
Gross Profit %	79%	64%		78%	68%	
EBITDA ¹	2,494	(2,521)	199%	4,575	(4,814)	195%
Operating Profit (Loss)	823	(3,567)	123%	4,490	(4,755)	194%
Basic EPS	\$ 0.01	\$ (0.07)	114%	\$ 0.06	\$ (0.09)	167%

- Cash and investments at \$22.4 million (September 30, 2008: \$15.3 million)

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

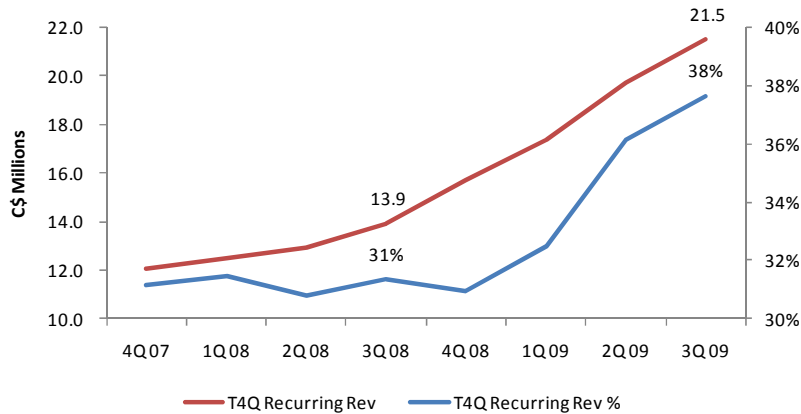
3Q 2009 Financial Summary - Revenue

(CDN \$000's)	3Q 09	3Q 08	%Δ	YTD 3Q09	YTD 3Q08	%Δ
Licenses	7,824	6,832	15%	21,925	22,442	-2%
<i>%of Total</i>	<i>54%</i>	<i>57%</i>		<i>52%</i>	<i>62%</i>	
Service	1,136	1,167	-3%	4,278	2,855	50%
<i>%of Total</i>	<i>8%</i>	<i>10%</i>		<i>10%</i>	<i>8%</i>	
Support and Subs.	5,520	3,941	40%	16,245	10,731	51%
<i>%of Total</i>	<i>38%</i>	<i>33%</i>		<i>38%</i>	<i>30%</i>	
Total Revenue	14,480	11,939	21%	42,447	36,027	18%

(CDN \$000's)	3Q 09	3Q 08	%Δ	YTD 3Q09	YTD 3Q08	%Δ
Recurring Rev. \$ (a)	5,779	3,989	45%	16,745	10,921	53%
<i>%of Total</i>	<i>40%</i>	<i>33%</i>		<i>39%</i>	<i>30%</i>	

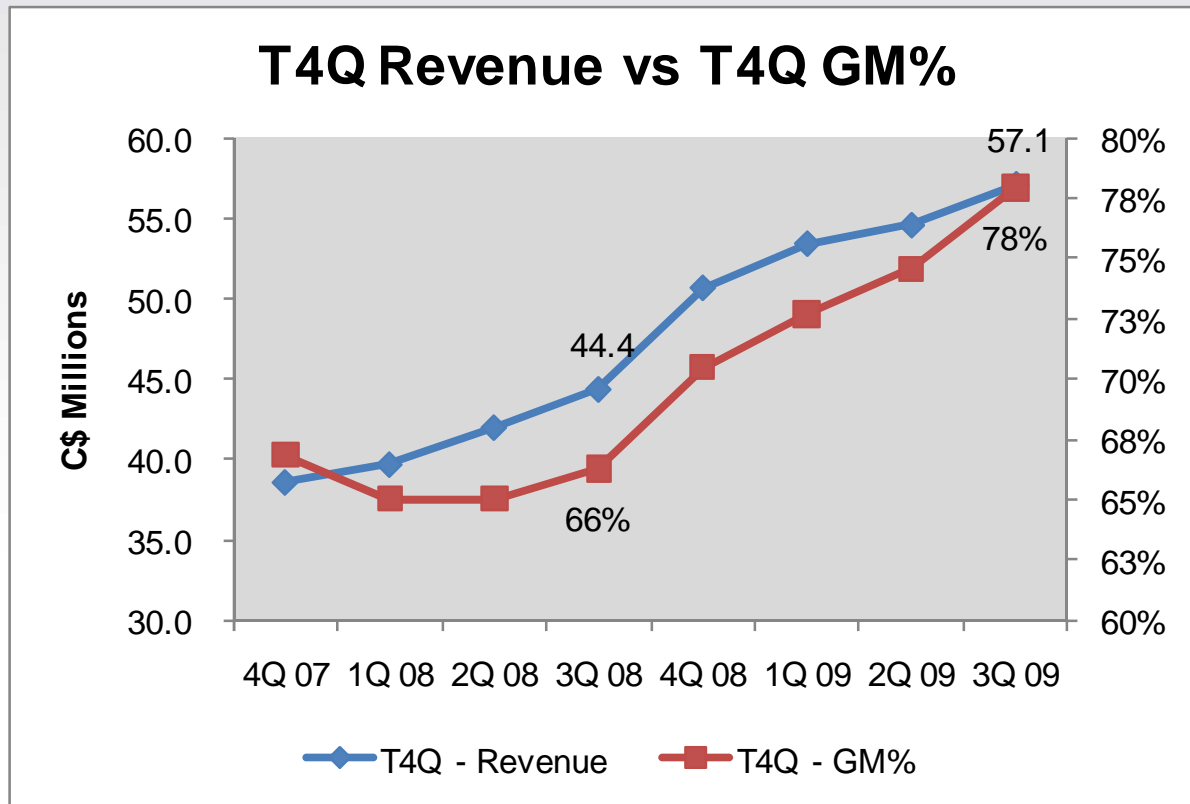
(a) Total of support, service, subscription and term licenses

T4Q Recurring vs % of Total



- Revenues up 21% in Q309
- T4Q Revenue \$57.1M
- Recurring revenue 40% of total

3Q 2009 Financial Summary – Gross Margins

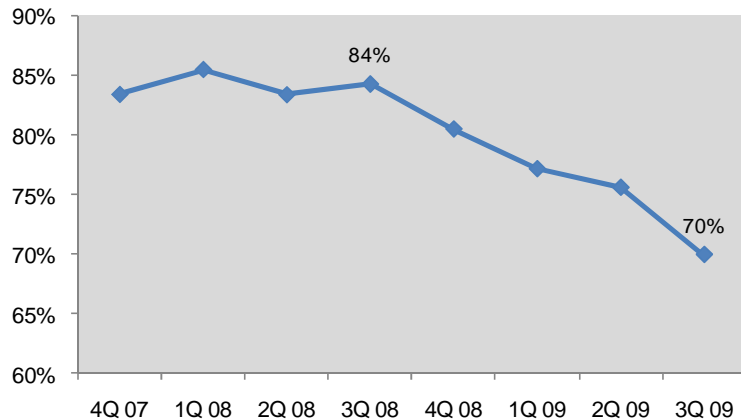


- **Gross Profit of \$11.5M or 79% of revenue in Q309**
- **T4Q Gross Margin at 78%**

3Q 2009 Financial Summary – Operating Costs

(CDN 000's)	3Q 09	3Q 08	% Δ	YTD	YTD	% Δ
S & M	3,765	4,006	-6%	12,040	12,117	-1%
	26%	34%		28%	34%	
G & A	2,470	2,727	-9%	7,451	7,566	-2%
	17%	23%		18%	21%	
R & D	2,932	3,732	-21%	9,592	10,253	-6%
	20%	31%		23%	28%	
Total OpEx	9,167	10,464	-12%	29,084	29,936	3%
	63%	88%		69%	83%	

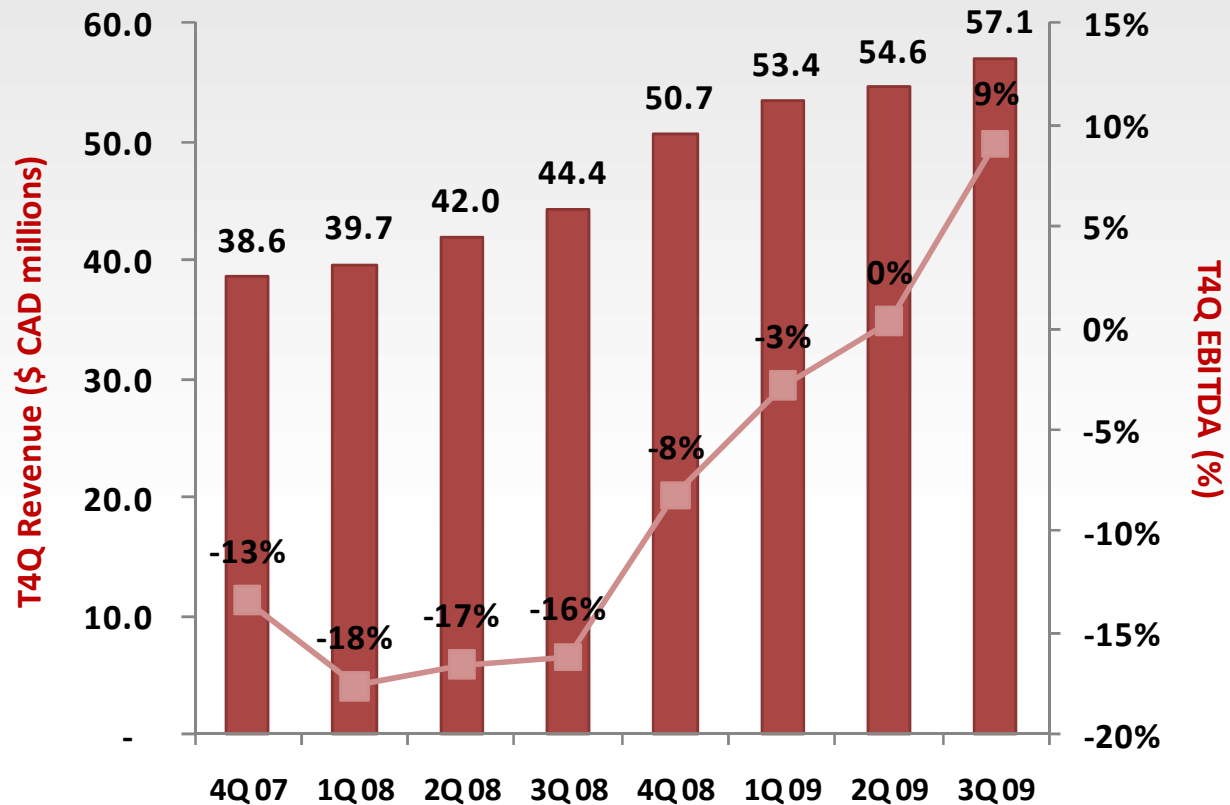
T4Q Operating Expenses as % of Sales



Operating costs declined as a % of revenue to 63% in Q309 from 88% in Q308; reflects management's efforts to reduce cost structure

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

3Q 2009 Financial Summary - EBITDA



- EBITDA \$2.5M in Q309 vs (\$2.5M) in Q308
- T4Q EBITDA at 9% in Q309 from -16% in Q308

Balance Sheet Highlights and Backlog

	As at June 30, 2009	As at Sep 30, 2008	% Δ
Cash and Investments	\$22,410	\$15,299	46%
A/R	\$13,123	\$11,192	17%
DSO	75 days	81 days	- 6 days
Working Capital	\$20,693	\$16,507	25%
Backlog	\$28,301	\$19,627	44%

Thank you.

www.redknee.com

contact@redknee.com

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