



**Redknee (TSX:RKN)**  
**FIRST QUARTER FISCAL 2012 RESULTS CALL**  
**March 8, 2012**

**REDKNEE**  
Innovate. Personalize. Profit.

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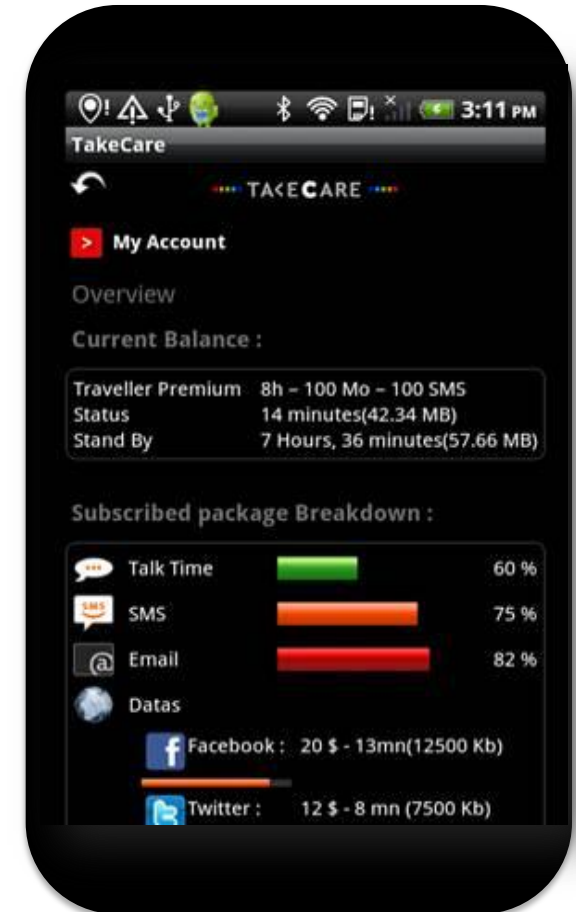
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# What We Do

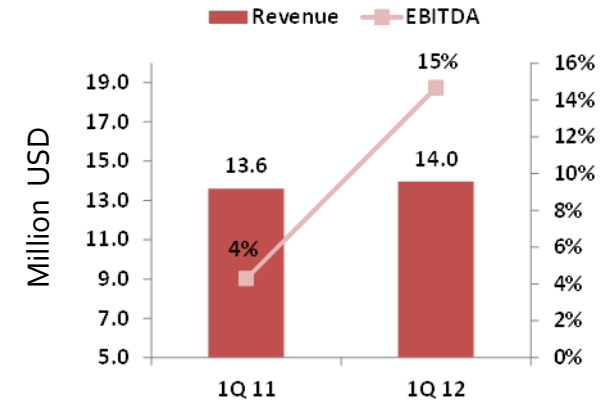
- Leading provider of **next generation real-time converged billing, customer care & analytics software** for service providers on-premise & **cloud-based**
- **Charging and policy for all transactions** (social media, data, messaging, voice, etc.)
- **Rating, Charging & Customer Care for all subscriber types across any communication platform**, including wireless, landline, broadband, cable and satellite
- **90+** customers across **50+** countries
- **100+** patents filed with **35+** granted



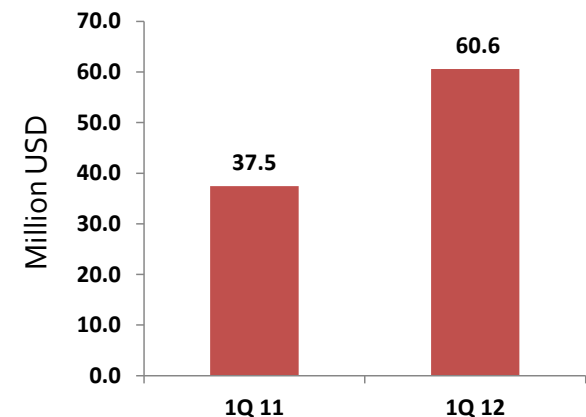
# First Quarter Fiscal 2012 Highlights

- Revenue of \$14.0M (Q1FY11: \$13.6M)
- Backlog of \$60.6M
- EBITDA profit of \$2.0M (Q1FY11: \$0.6M)
- Strong recurring revenues (51%)
- Strategic Highlights:
  - Announced with Tech Mahindra the Telco-in-a-Box offering and with Microsoft Azure cloud platform
  - Breakthrough converged billing & customer care benchmark results for 250 million subscribers
  - Expanded business with Tier-1's in Americas, EMEA and APAC through multi-million dollar deals
- Cash of \$16.5M

## QUARTERLY REVENUE



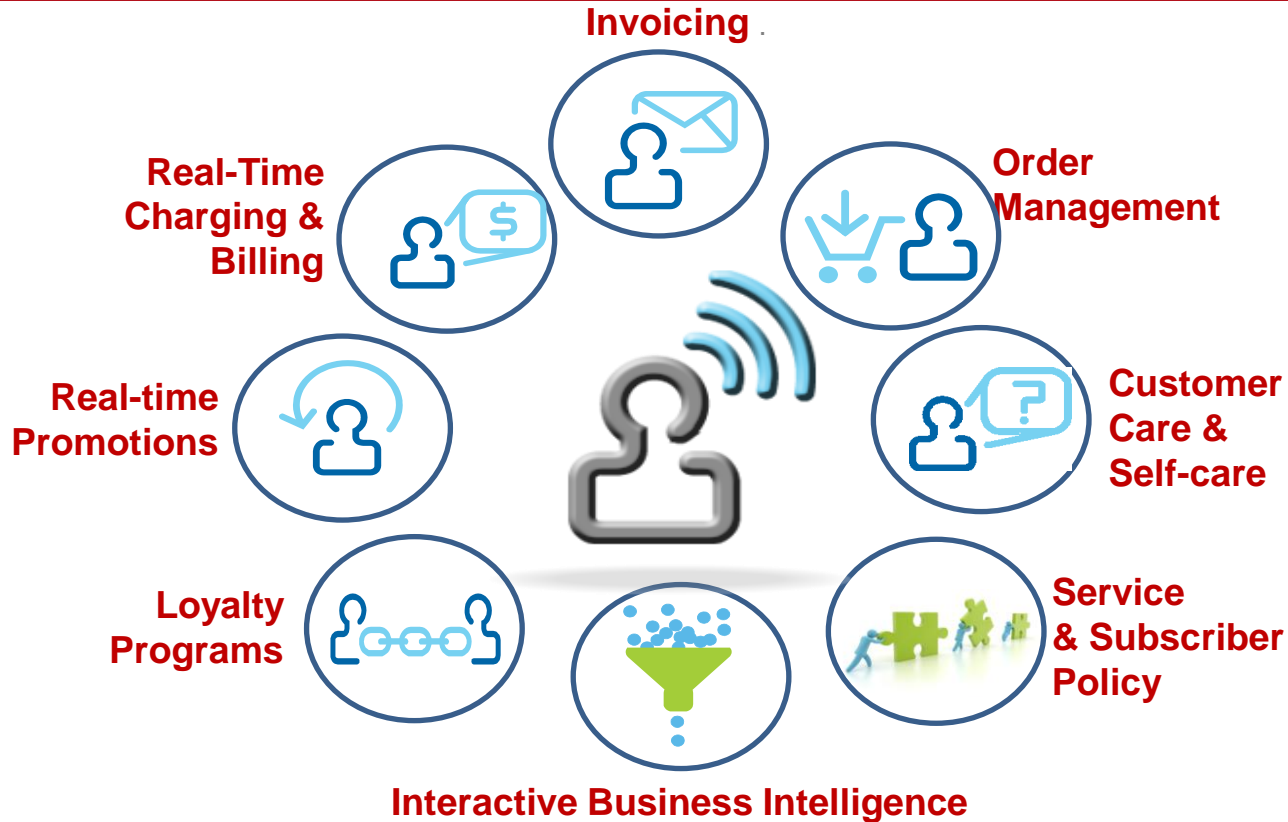
## BACKLOG



# 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**

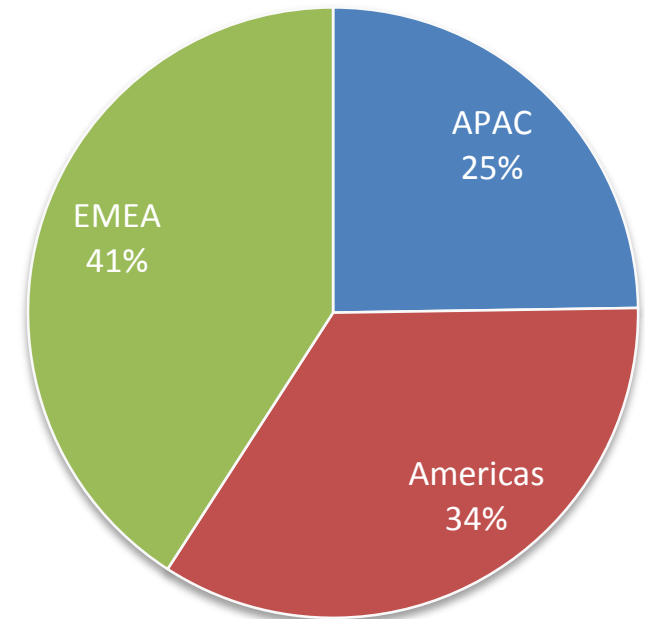
# Business-Critical Solutions – Real-Time Converged Billing



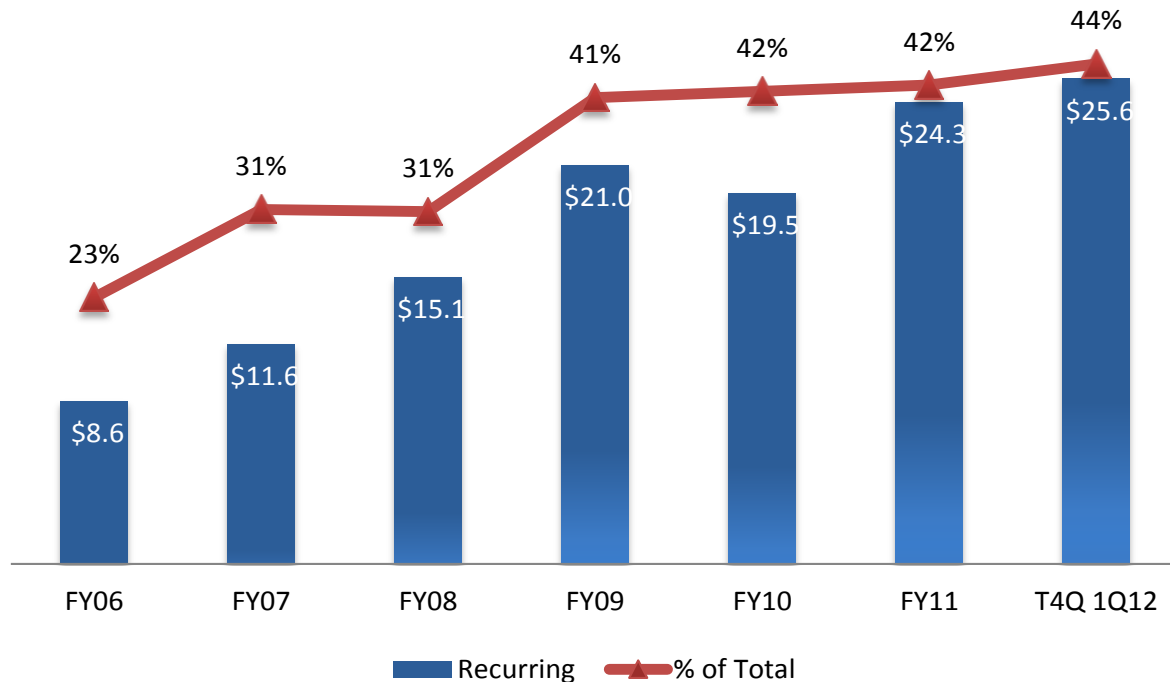
- **Real-time converged billing is our focus – 90%+ of LTM revenues**
  - Tier-1 sub-brands, MVNOs and multi-country group operators
  - On premise, cloud based, or SaaS
- **Compelling & competitive product portfolio with 100+ patents filed**

# Redknee's Market Share Growth

- **Market share focus**
- **Notable in First Quarter**
  - **Americas, APAC & EMEA upgrades & expansions with multi-million dollar contracts**
  - **100% growth of recurring orders in contracted order backlog**



# Redknee's Recurring Revenues



## Recurring revenues

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

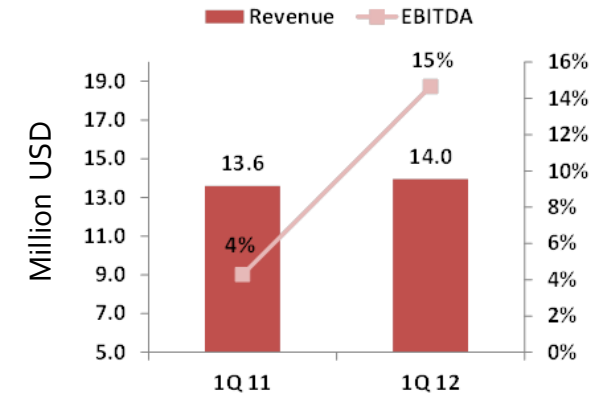
**LTM recurring revenues were 44%**



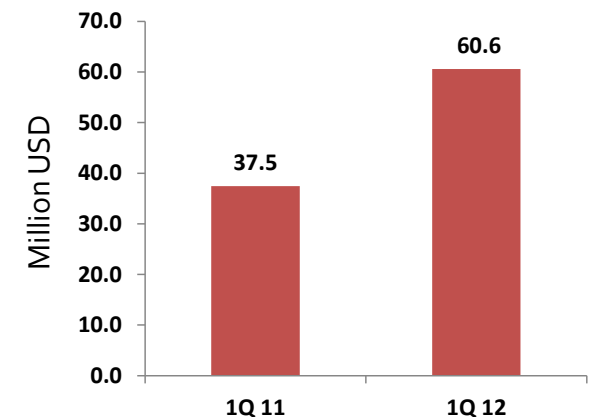
# First Quarter FY12 Summary

- Leading provider of **real-time converged billing software**
- **Growth of mobile & IP data traffic driving demand**
- **5-year CAGR of 23%** in recurring revenues
- **Backlog of \$60.6M** and growing
- **Growing recurring revenues**
- Strong balance sheet with **\$16.5M cash**
- Monetization of **100+ U.S. patents assets**

## QUARTERLY REVENUE



## BACKLOG



# Q1 FY12 Financial Summary

(US\$ 000's)	1Q 12	1Q 11	\$ Change	% Change
<b>Revenue</b>	<b>13,964</b>	<b>13,600</b>	<b>365</b>	<b>3%</b>
COGS	4,585	4,999	(414)	-8%
<b>Gross Profit</b>	<b>9,379</b>	<b>8,601</b>	<b>778</b>	<b>9%</b>
S & M	3,394	3,412	(18)	-1%
	<i>24%</i>	<i>25%</i>		
G & A	1,884	2,370	(486)	-20%
	<i>13%</i>	<i>17%</i>		
R & D	2,419	2,966	(547)	-18%
	<i>17%</i>	<i>22%</i>		
<b>Income (loss) from Operations</b>	<b>1,683</b>	<b>(147)</b>	<b>1,830</b>	<b>1243%</b>
<b>EBITDA</b>	<b>2,047</b>	<b>583</b>	<b>1,464</b>	<b>251%</b>

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

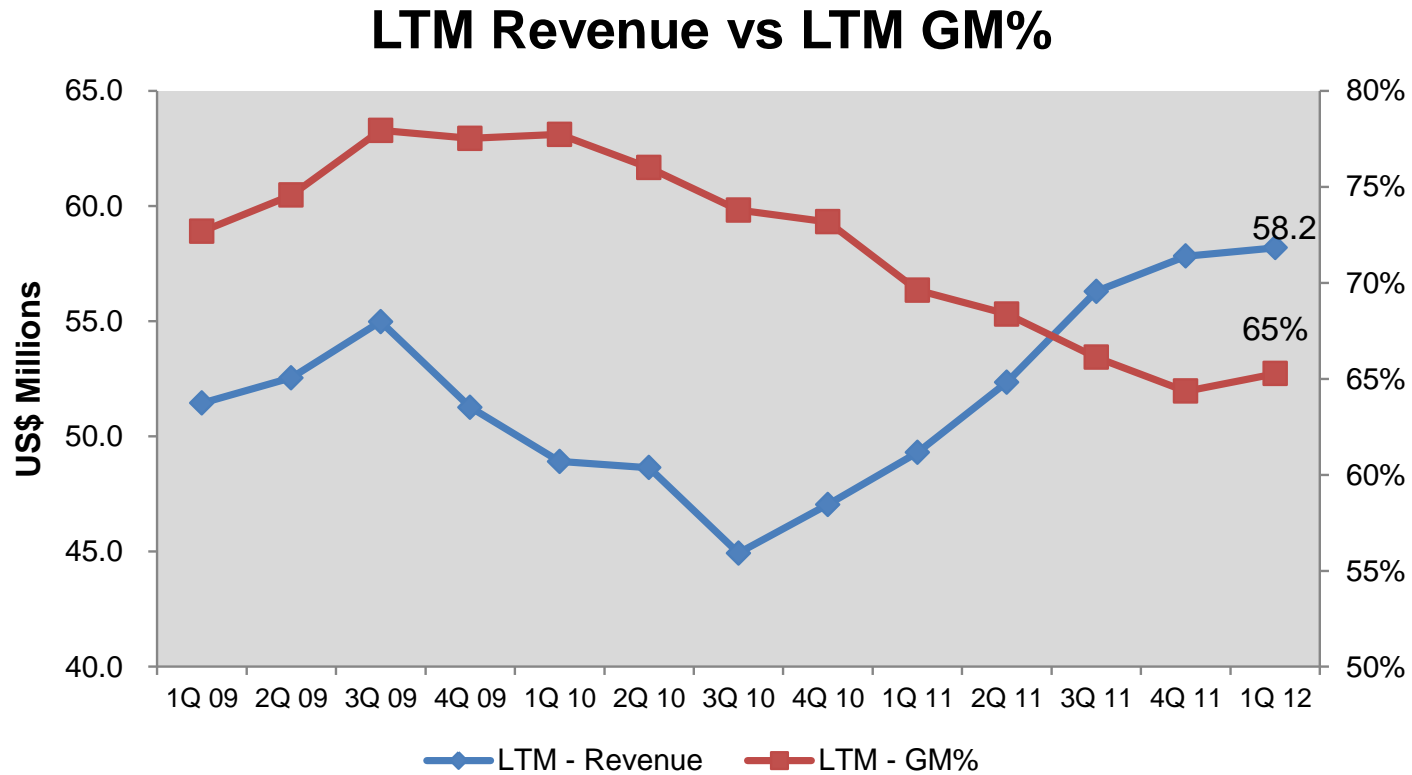
# Q1 FY12 Financial Summary - Revenue

(USD \$000's)	1Q 12	1Q 11	%Δ
Software and Services	7,493	6,522	15%
<i>%of Total</i>	<i>54%</i>	<i>48%</i>	
Third Party	697	1,717	-59%
<i>%of Total</i>	<i>5%</i>	<i>13%</i>	
Support and Subs.	5,774	5,361	8%
<i>%of Total</i>	<i>41%</i>	<i>39%</i>	
<b>Total Revenue</b>	<b>13,964</b>	<b>13,600</b>	<b>3%</b>

(USD \$000's)	1Q 12	1Q 11	%Δ
Recurring Rev. \$ (a)	7,161	5,916	21%
<i>%of Total</i>	<i>51%</i>	<i>44%</i>	

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

# Financial Summary – Gross Margins



**Gross Profit of \$9.4M or 67% of revenue in 1Q FY12**

# Financial Summary – Operating Costs

(USD 000's)	1Q 12	1Q 11	\$ Change	% Δ
S & M	3,394	3,412	(18)	-1%
	24%	25%		
G & A	1,884	2,370	(486)	-20%
	13%	17%		
R & D	2,419	2,966	(547)	-18%
	17%	22%		
<b>Total OpEx</b>	<b>7,696</b>	<b>8,748</b>	<b>(1,051)</b>	<b>-12%</b>
	55%	64%		
<b>Excluding Amortization</b>	<b>7,463</b>	<b>8,288</b>	<b>(826)</b>	<b>-10%</b>
	53%	61%		

# Balance Sheet Highlights and Backlog

	As at Dec 31, 2011	As at Sep 30, 2011	% $\Delta$
Cash and Investments	\$16,511	\$15,665	5%
A/R	\$14,415	\$12,988	11%
DSO	89 days	90 days	-1 days
Working Capital	\$19,943	\$19,313	3%
Backlog	\$60,581	\$48,570	25%

# Q&A

Thank you.

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