



TSX:RKN

Q2 2012 Earnings Presentation – May 10, 2012

REDKNEE
Innovate. Personalize. Profit.

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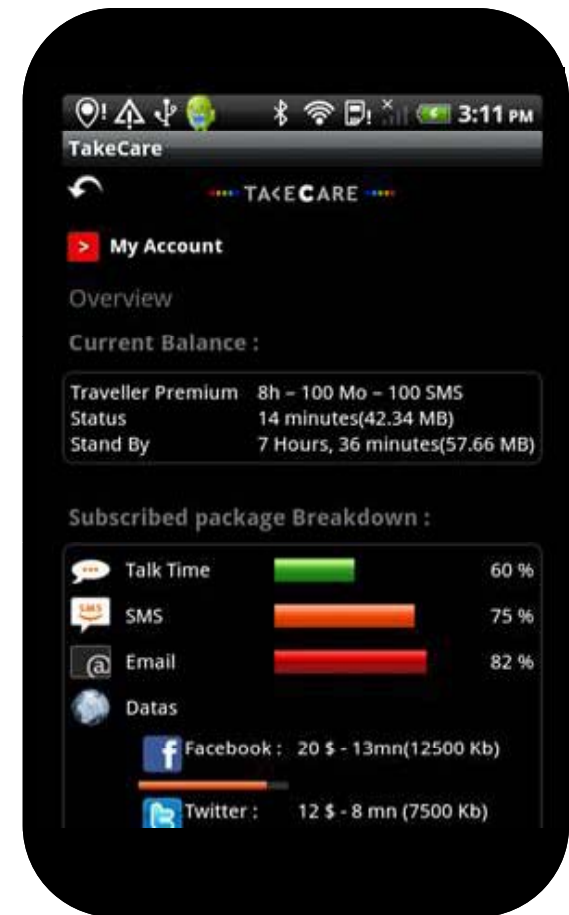
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What We Do

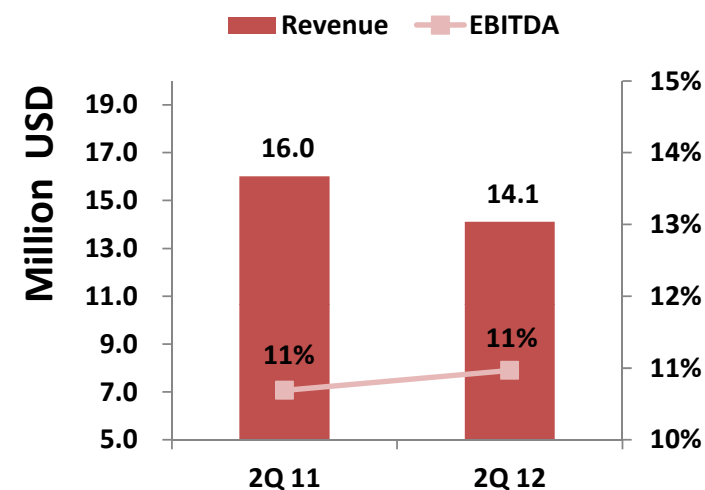
- ▶ Leading provider of **next generation real-time converged billing, customer care & analytics software** for service providers on-premise & **cloud-based**
- ▶ **Charging & policy for all transactions** (social media, data, messaging, voice, etc.)
- ▶ **Rating, Charging & Customer Care for all subscriber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



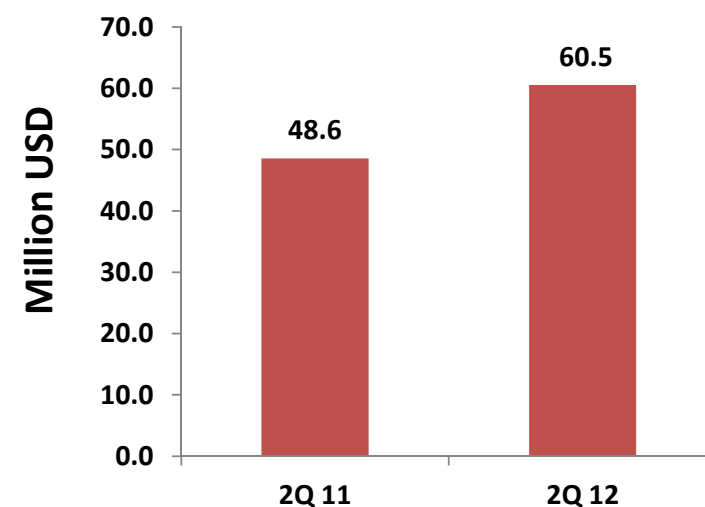
Second Quarter Fiscal 2012 Highlights

- ▶ **Revenue** of \$14.1M (Q2FY11: \$16.0M)
- ▶ **Backlog** of \$60.5M
- ▶ **EBITDA** profit of \$1.5M (Q2FY11: \$1.7M)
- ▶ **Strong recurring revenues** (51%)
- ▶ **Cash** position of \$19.9M
- ▶ **Strategic Highlights:**
 - ▶ Launched 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 and EMEA through multi-million dollar deals

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

Redknee's Real-Time Converged Billing

▶ Real-time converged billing is our focus – **90%+ of LTM revenues**

▶ Tier-1 sub-brands, MVNOs & multi-country group operators

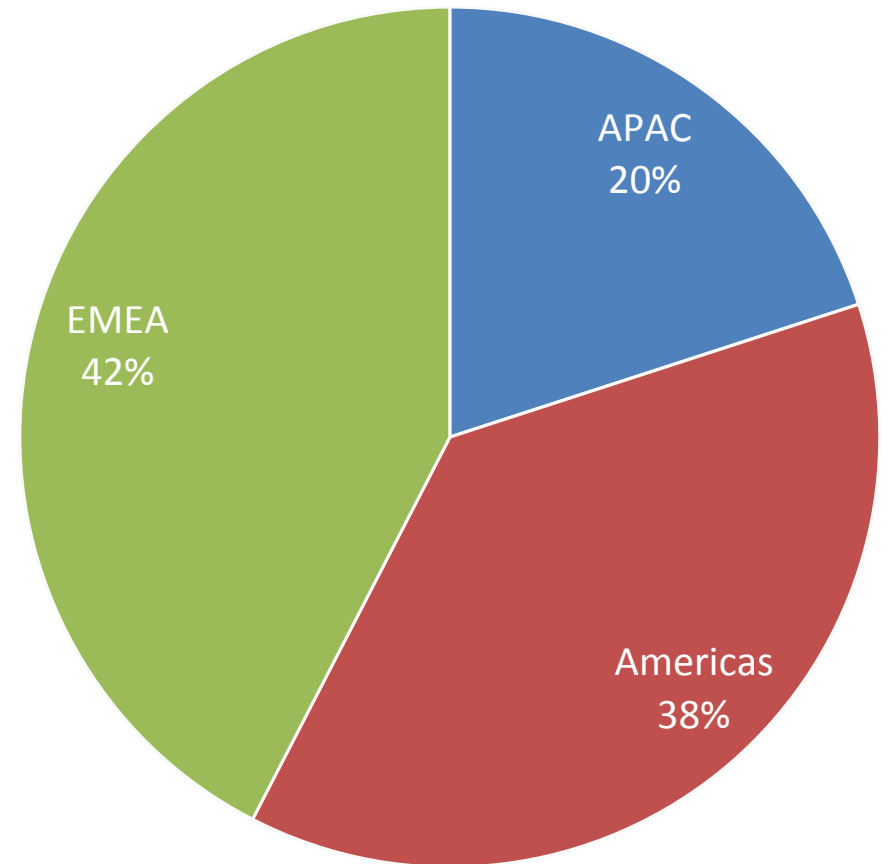
▶ On premise, cloud based, or SaaS

▶ Compelling & competitive product portfolio with **100+ patents filed**



Redknee's Market Share

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

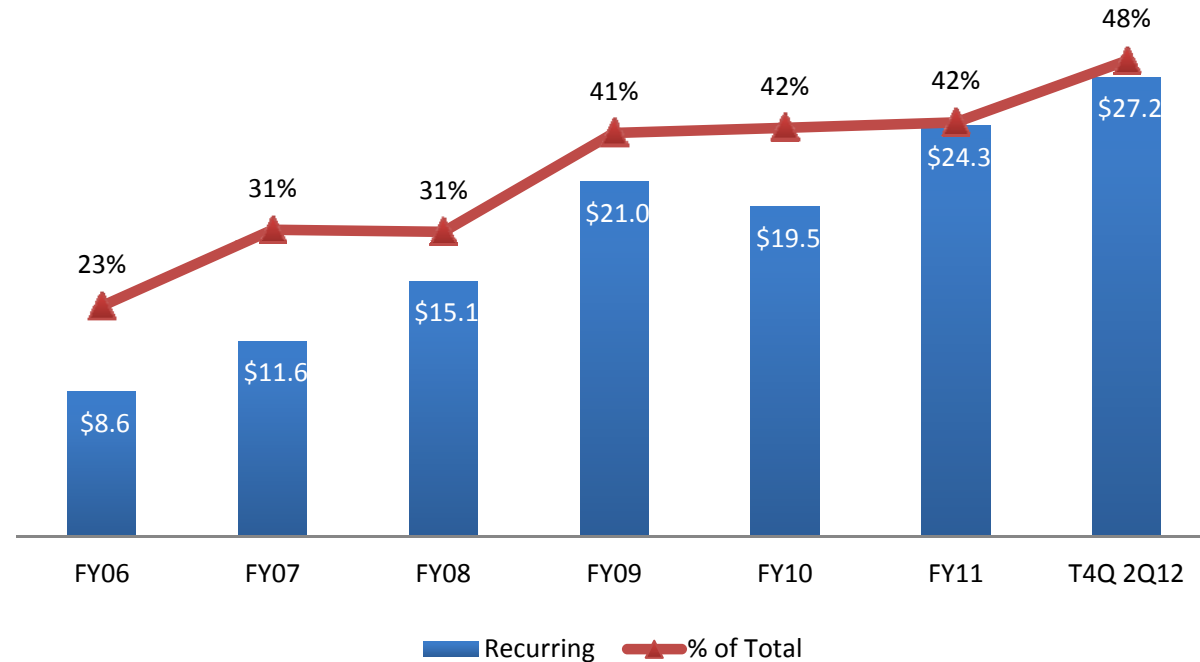


Redknee Recurring Revenue

▶ Sources

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

▶ LTM recurring revenue was **48%**

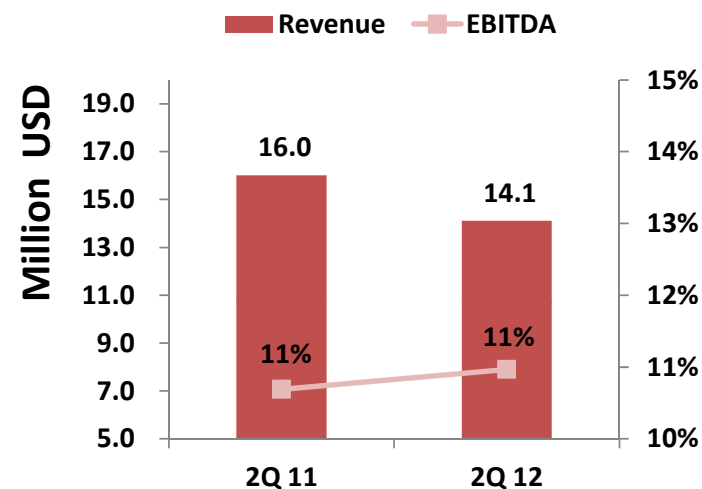


Q2 FY 2012 – Summary

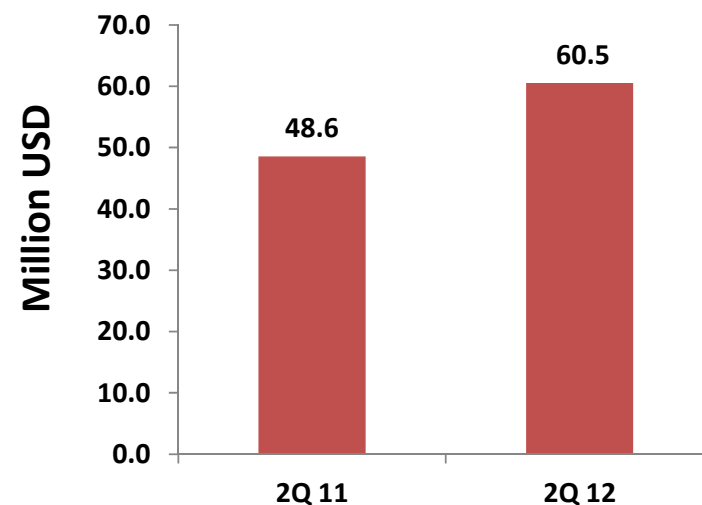
- ▶ Leading provider of **real-time converged billing software**
- ▶ **Growth of mobile & IP data traffic** driving demand
- ▶ **5-year CAGR of 22%** in recurring revenues
- ▶ **Backlog of \$60.5M**
- ▶ **Growing recurring revenues**
- ▶ Strong balance sheet with **\$19.9M cash**
- ▶ Monetization of **100+ U.S. patents assets**

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QUARTERLY REVENUE



BACKLOG



Q2 FY 2012 – Financial Summary

| (US\$ 000's) | 2Q 12 | 2Q 11 | \$ Change | % Change | YTD 2Q 12 | YTD 2Q 11 | \$ Change | % Change |
|-------------------------------|---------------|---------------|----------------|-------------|---------------|---------------|----------------|--------------|
| Revenue | 14,108 | 16,013 | (1,905) | -12% | 28,072 | 29,612 | (1,541) | -5% |
| COGS | 4,594 | 5,204 | (609) | -12% | 9,180 | 10,281 | (1,102) | -11% |
| Gross Profit | 9,513 | 10,809 | (1,296) | -12% | 18,892 | 19,331 | (439) | -2% |
| | 67% | 68% | | | 67% | 65% | | |
| S & M | 3,706 | 3,774 | (68) | -2% | 7,100 | 7,191 | (92) | -1% |
| | 26% | 24% | | | 25% | 24% | | |
| G & A | 2,138 | 2,701 | (563) | -21% | 4,022 | 5,078 | (1,057) | -21% |
| | 15% | 17% | | | 14% | 17% | | |
| R & D | 2,728 | 3,429 | (701) | -20% | 5,146 | 6,419 | (1,272) | -20% |
| | 19% | 21% | | | 18% | 22% | | |
| Income from Operations | 942 | 905 | 36 | 4% | 2,624 | 643 | 1,982 | -308% |
| EBITDA | 1,533 | 1,712 | (179) | -10% | 3,579 | 2,294 | 1,285 | 56% |

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

Q2 FY 2012 – Revenue Summary

| (USD \$000's) | 2Q 12 | 2Q 11 | \$ Change | % Change |
|-----------------------|---------------|---------------|----------------|-------------|
| Software and Services | 7,914 | 10,155 | (2,241) | -22% |
| <i>%of Total</i> | <i>56%</i> | <i>63%</i> | | |
| Third Party | 511 | 883 | (372) | -42% |
| <i>%of Total</i> | <i>4%</i> | <i>6%</i> | | |
| Support and Subs. | 5,683 | 4,975 | 708 | 14% |
| <i>%of Total</i> | <i>40%</i> | <i>31%</i> | | |
| Total Revenue | 14,108 | 16,013 | (1,905) | -12% |

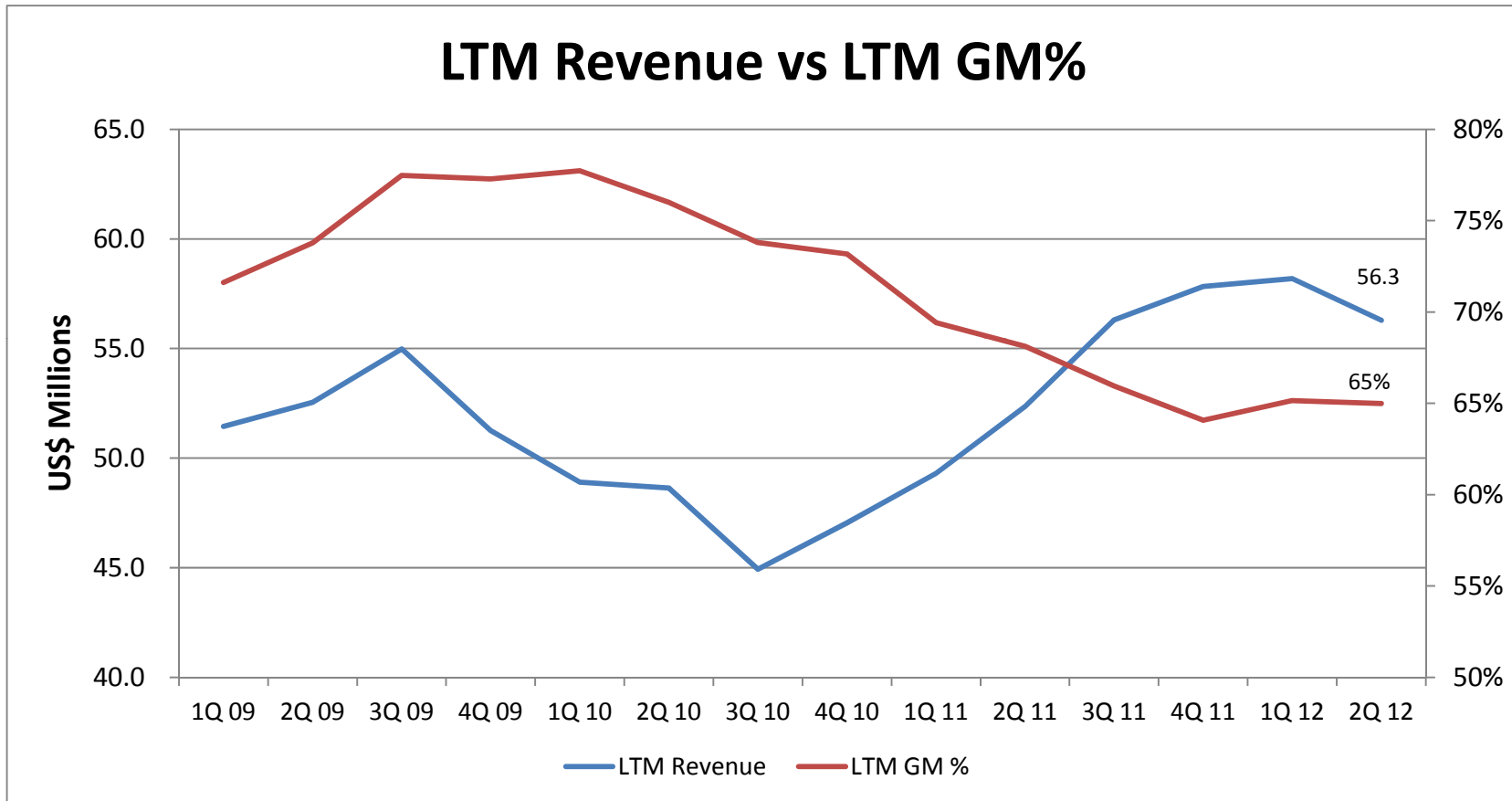
| YTD 2Q 12 | YTD 2Q 11 | \$ Change | % Change |
|---------------|---------------|----------------|-------------|
| 15,407 | 16,676 | (1,269) | -8% |
| <i>55%</i> | <i>56%</i> | | |
| 1,208 | 2,600 | (1,392) | -54% |
| <i>4%</i> | <i>9%</i> | | |
| 11,457 | 10,336 | 1,121 | 11% |
| <i>41%</i> | <i>35%</i> | | |
| 28,072 | 29,612 | (1,540) | -5% |

| (USD \$000's) | 2Q 12 | 2Q 11 | \$ Change | % Change |
|-----------------------|------------|------------|--------------|-------------|
| Recurring Rev. \$ (a) | 7,143 | 5,510 | 1,633 | 30% |
| <i>%of Total</i> | <i>51%</i> | <i>34%</i> | | |

| YTD 2Q 12 | YTD 2Q 11 | \$ Change | % Change |
|------------|------------|--------------|-------------|
| 14,304 | 11,427 | 2,878 | 25% |
| <i>51%</i> | <i>39%</i> | | |

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

Q2 FY 2012 – Gross Margins



► **Gross Profit of \$9.5M or 67% of revenue in 2Q FY12**

Q2 FY 2012 – Operating Costs

| (US\$ 000's) | 2Q 12 | 2Q 11 | \$ Change | % Change | YTD 2Q 12 | YTD 2Q 11 | \$ Change | % Change |
|-------------------------|---------------------|---------------------|----------------|-------------|----------------------|----------------------|----------------|-------------|
| S & M | 3,706 26% | 3,774 24% | (68) | -2% | 7,100 25% | 7,191 24% | (91) | -1% |
| G & A | 2,138 15% | 2,701 17% | (563) | -21% | 4,022 14% | 5,078 17% | (1,056) | -21% |
| R & D | 2,728 19% | 3,429 21% | (701) | -20% | 5,146 18% | 6,419 22% | (1,273) | -20% |
| Total OpEx | 8,572 61% | 9,904 62% | (1,332) | -13% | 16,268 58% | 18,688 63% | (2,420) | -13% |
| Exc Amortization | 8,338 59% | 9,465 59% | (1,127) | -12% | 15,800 56% | 17,788 60% | (1,989) | -11% |

Q2 FY 2012 – Balance Sheet & Backlog

| | As at Mar 31, 2012 | As at Sep 30, 2011 | % Δ |
|----------------------|-----------------------|-----------------------|--------|
| Cash and Investments | \$19,912 | \$15,665 | 27% |
| A/R | \$12,927 | \$12,988 | 0% |
| DSO | 90 days | 90 days | 0 days |
| Working Capital | \$20,528 | \$18,087 | 14% |
| Backlog | \$60,541 | \$46,422 | 30% |

Redknee Solutions – Q&A

Q&A

Thank you.

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