

**REDKNEE**  
Looking Beyond

## Q4 FY15 - Investor Conference Call

December 3, 2015

TSX: RKN

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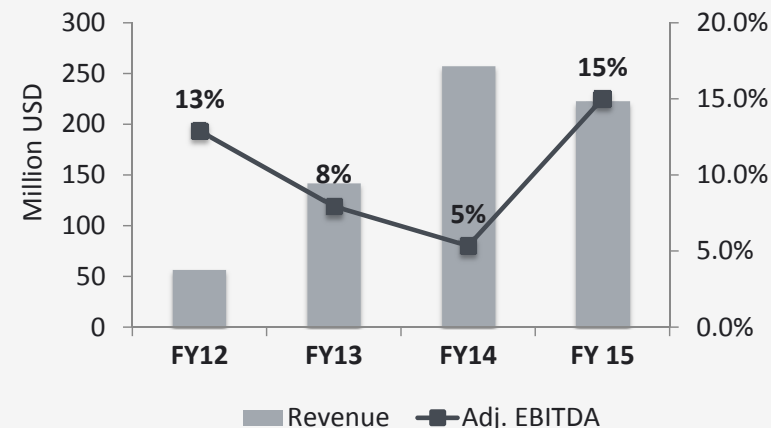
# Q4 & FY15 HIGHLIGHTS

	Q4	FY 2015
<b>Revenue:</b>	\$59.8M	\$222.7M
<i>FX Adjusted:</i>	<i>\$67.1M</i>	<i>\$246.3M</i>
<b>Gross Margin:</b>	58%	59%
<b>Recurring Revenue:</b>	44%	46%
<b>Adjusted EBITDA:</b>	\$7.7M or 13% of Revenue	\$34.4M or 15% of Revenue
<b>Order Backlog:</b>	\$158.5M	
<i>FX Adjusted:</i>	<i>\$166.6M</i>	

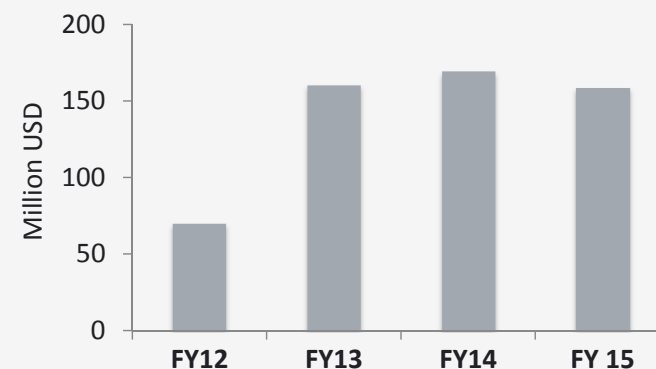
## Highlights:

- 5 new customers added organically
- 45 customers added via Orga Systems
- Nokia earn out finalized
- Operational improvements in line with our 3-year objectives post BSS acquisition:
  - Profitability @ 15% (140% growth YoY)
  - Positive cash from operations ~\$14M

## TTM REVENUE AND ADJUSTED EBITDA



## ORDER BACKLOG





# Q4 & FY15 REVENUE SUMMARY



(US\$ MILLIONS)	Q4 FY15	FX IMPACT	NORMALIZED Q4 FY15	Q4 FY14	\$ CHANGE	% CHANGE	FY 15	FX IMPACT	NORMALIZED FY 15	FY 14	\$ CHANGE	% CHANGE
Software & Services	32.1			26.2	5.8	22%	116.1			114.5	1.6	1%
<i>% of Revenue</i>	53%			43%			52%			44%		
Third Party	4.0			7.3	(3.3)	(45%)	14.1			24.3	(10.2)	(42%)
<i>% of Revenue</i>	7%			12%			6%			9%		
Support & Subs.	23.7			26.6	(2.9)	(11%)	92.6			116.4	(23.8)	(20%)
<i>% of Revenue</i>	45%			44%			42%			45%		
<b>Total Revenue</b>	<b>59.8</b>			<b>60.9</b>	<b>(1.1)</b>	<b>(2%)</b>	<b>222.7</b>			<b>257.7</b>	<b>(35.0)</b>	<b>(14%)</b>
Recurring Rev. <sup>1</sup>	26.0			28.5	(2.5)	(9%)	102.8			120.7	(17.9)	(15%)
<i>% of Revenue</i>	44%			47%			46%			47%		

<sup>1</sup> Recurring revenue includes support and maintenance agreements, term based product licenses, subscription, and long term service agreements.

# REVENUE BREAKDOWN BY QUARTER



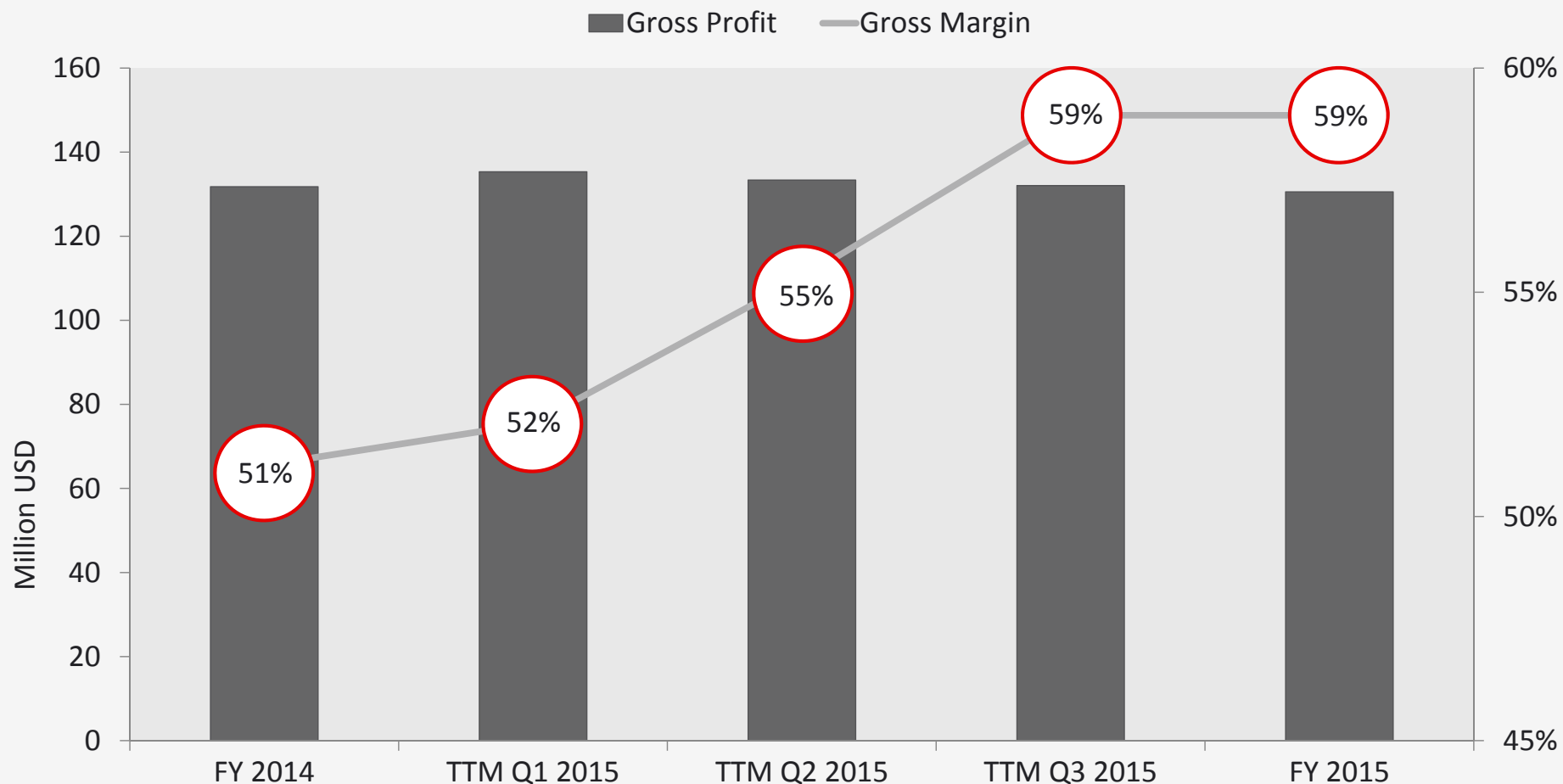
(US\$ MILLIONS)

	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	\$ Change	% Change
Software				13.9				16.7	2.5	18%
<i>% of revenue</i>				23%				28%		
Services				12.4				15.3	2.9	23%
<i>% of revenue</i>				20%				25%		
Third Party				7.3				4.0	(3.3)	45%
<i>% of revenue</i>				12%				7%		
Support				27.4				23.7	(3.7)	16%
<i>% of revenue</i>				45%				40%		
<b>Total Revenue</b>				<b>60.9</b>				<b>59.8</b>	<b>(1.1)</b>	<b>(2%)</b>
<b>Recurring Revenue<sup>1</sup></b>				<b>28.5</b>				<b>26.0</b>	<b>(2.5)</b>	<b>(9%)</b>
<i>% of revenue</i>				47%				44%		

<sup>1</sup> Recurring revenue includes support and maintenance agreements, term based product licenses, subscription, and long term service agreements.

\*The above noted information is based on management estimates and is unaudited

# GROSS MARGIN SUMMARY



**GROSS MARGIN**  
**59%**  
**FY 2015**

# Q4 & FY15 OPERATING COSTS



(US\$ MILLIONS)	Q4 FY15	Q4 FY14	\$ CHANGE	% CHANGE	FY15	FY14	\$ CHANGE	% CHANGE
S & M	8.9	10.9	(2.0)	(18%)	34.1	37.6	(3.5)	(9%)
<i>% of Revenue</i>	<i>15%</i>	<i>18%</i>			<i>15%</i>	<i>15%</i>		
G & A	8.0	7.5	0.5	7%	28.4	32.4	(4.0)	(12%)
<i>% of Revenue</i>	<i>13%</i>	<i>12%</i>			<i>13%</i>	<i>13%</i>		
R & D	13.1	14.6	(1.5)	(10%)	48.0	62.2	(4.2)	(7%)
<i>% of Revenue</i>	<i>22%</i>	<i>24%</i>			<i>22%</i>	<i>24%</i>		
Restructuring Costs	(0.1)	22.5	(22.6)	(100%)	1.1	22.5	(21.4)	(95%)
<i>% of Revenue</i>	<i>-</i>	<i>37%</i>			<i>0.5%</i>	<i>9%</i>		
Acquisition Costs	1.0	3.3	(2.3)	(70%)	6.2	7.2	(1.0)	(14%)
<i>% of Revenue</i>	<i>2%</i>	<i>5%</i>			<i>3%</i>	<i>3%</i>		
<b>Adjusted Total OPEX<sup>1</sup></b>	<b>30.0</b>	<b>33.0</b>	<b>(3.0)</b>	<b>(9%)</b>	<b>110.5</b>	<b>132.2</b>	<b>(21.7)</b>	<b>(16%)</b>
<i>% of Revenue</i>	<i>50%</i>	<i>54%</i>			<i>50%</i>	<i>51%</i>		

<sup>1</sup> Adjusted Total OPEX : Total OPEX less amortization, stock compensation, acquisition and restructuring costs.

# BALANCE SHEET & BACKLOG



(US\$ MILLIONS)	FY 15	FY 14	% CHANGE
Cash and Investments	\$61.0	\$109.5	(44%)
A/R	\$67.4	\$71.4	(6%)
DSO	96 days	101 days	(5 days)
Unbilled Revenue	\$38.6	\$42.4	(9%)
Deferred Revenue	\$13.8	\$24.3	(43%)
Working Capital	\$88.7M	\$132.2	(33%)
Backlog	\$158.5	\$169.2	(6%)

**\$100.0M**

EXTENDED CREDIT FACILITY

**STRONG  
BALANCE  
SHEET**

**\$13.7M**

FISCAL 2015 CASH FLOW  
FROM OPERATIONS\*

\* excludes cash used to pay for the previously announced restructuring



## 1 SOFTWARE & SERVICE BUSINESS MODEL

- Driving gross margin improvement, while growing our recurring revenues to increase our revenue predictability

## 2 DISCIPLINED COST MANAGEMENT

- Continuing the cost structure realignment programs with our core and the acquired businesses, while ensuring high customer satisfaction & retention

## 3 CASH FLOW GENERATION

- Continue to improve by focusing on working capital optimization, and disciplined collections

## 1 BUSINESS-CRITICAL MONETIZATION PLATFORM

- Continue to secure contracts for our core Redknee Communication Suite and Redknee Connected Suite
- Leverage our technologies to diversify our customer base beyond communication vertical

## 2 MARKET SHARE GROWTH

- Customer-for-life and expanding share of wallet with existing customers
- **250** service providers
- **5** new customers in FY15
- **45** customers added through acquisition

## 3 SUSTAINABLE RECURRING REVENUE GROWTH

- Focus on growing recurring revenues to drive EBITDA margins
- Term licenses, cloud services and support are the key recurring revenue sources

**\$224M** (USD)  
FY 15 Revenue

Strong Recurring  
Revenue: **46%**

Growing EBITDA  
Margin: **15%**

Healthy Balance Sheet:  
**\$61M** (USD) Cash

Focused on Telecom  
and IoT Markets



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