



REDKNEE
Looking Beyond

Q4 FY15 - Investor Conference Call

December 3, 2015

TSX: RKN



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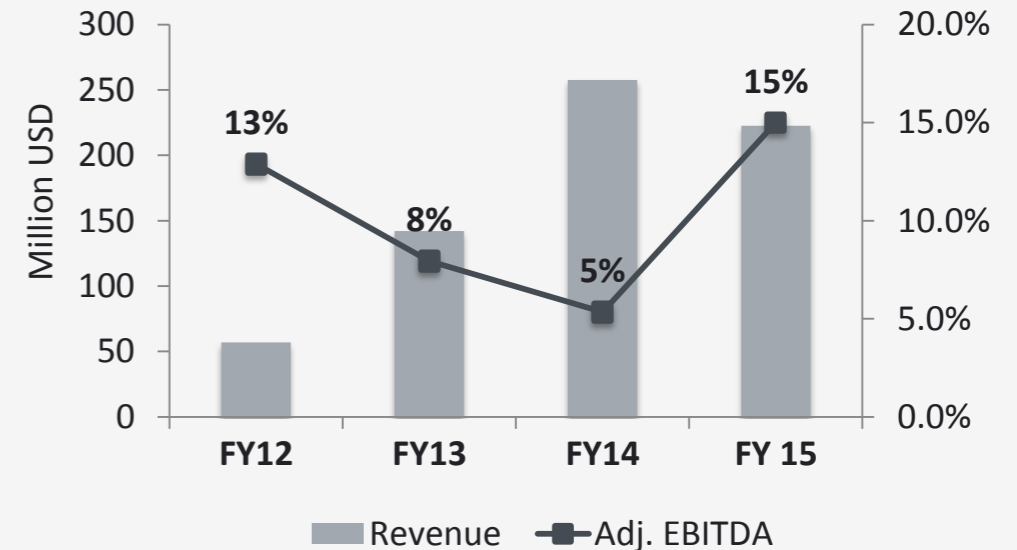
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	Q4	FY 2015
Revenue:	\$59.8M	\$222.7M
<i>FX Adjusted:</i>	<i>\$67.1M</i>	<i>\$246.3M</i>
Gross Margin:	58%	59%
Recurring Revenue:	44%	46%
Adjusted EBITDA:	\$7.7M or 13% of Revenue	\$34.4M or 15% of Revenue
Order Backlog:	\$158.5M	
<i>FX Adjusted:</i>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

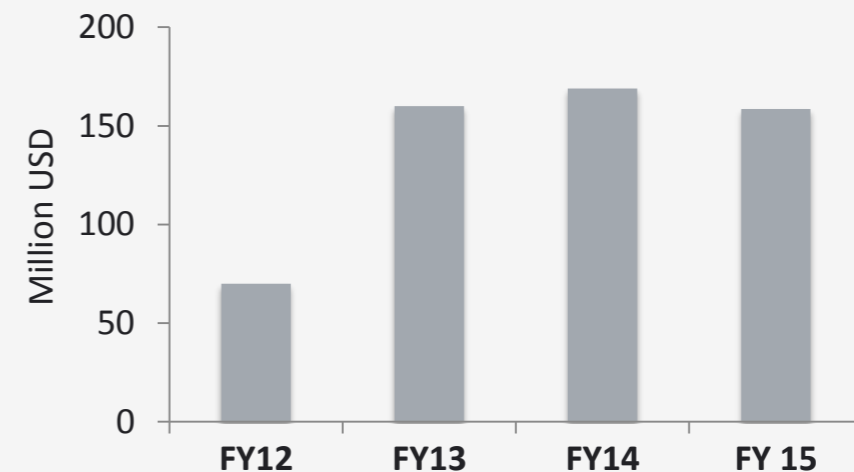
Highlights:

- 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	4.0	36.1	26.2	5.8	22%	116.1	14.4	130.5	114.5	1.6	1%
<i>% of Revenue</i>	53%		54%	43%			52%		53%	44%		
Third Party	4.0	0.4	4.4	7.3	(3.3)	(45%)	14.1	1.2	15.3	24.3	(10.2)	(42%)
<i>% of Revenue</i>	7%		7%	12%			6%		6%	9%		
Support & Subs.	23.7	2.8	26.5	26.6	(2.9)	(11%)	92.6	7.9	100.5	116.4	(23.8)	(20%)
<i>% of Revenue</i>	45%		39%	44%			42%		41%	45%		
Total Revenue	59.8	7.3	67.1	60.9	(1.1)	(2%)	222.7	23.6	246.3	257.7	(35.0)	(14%)
Recurring Rev. ¹	26.0	2.0	28.0	28.5	(2.5)	(9%)	102.8	7.8	110.6	120.7	(17.9)	(15%)
<i>% of Revenue</i>	44%		42%	47%			46%		45%	47%		

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

REVENUE BREAKDOWN BY QUARTER

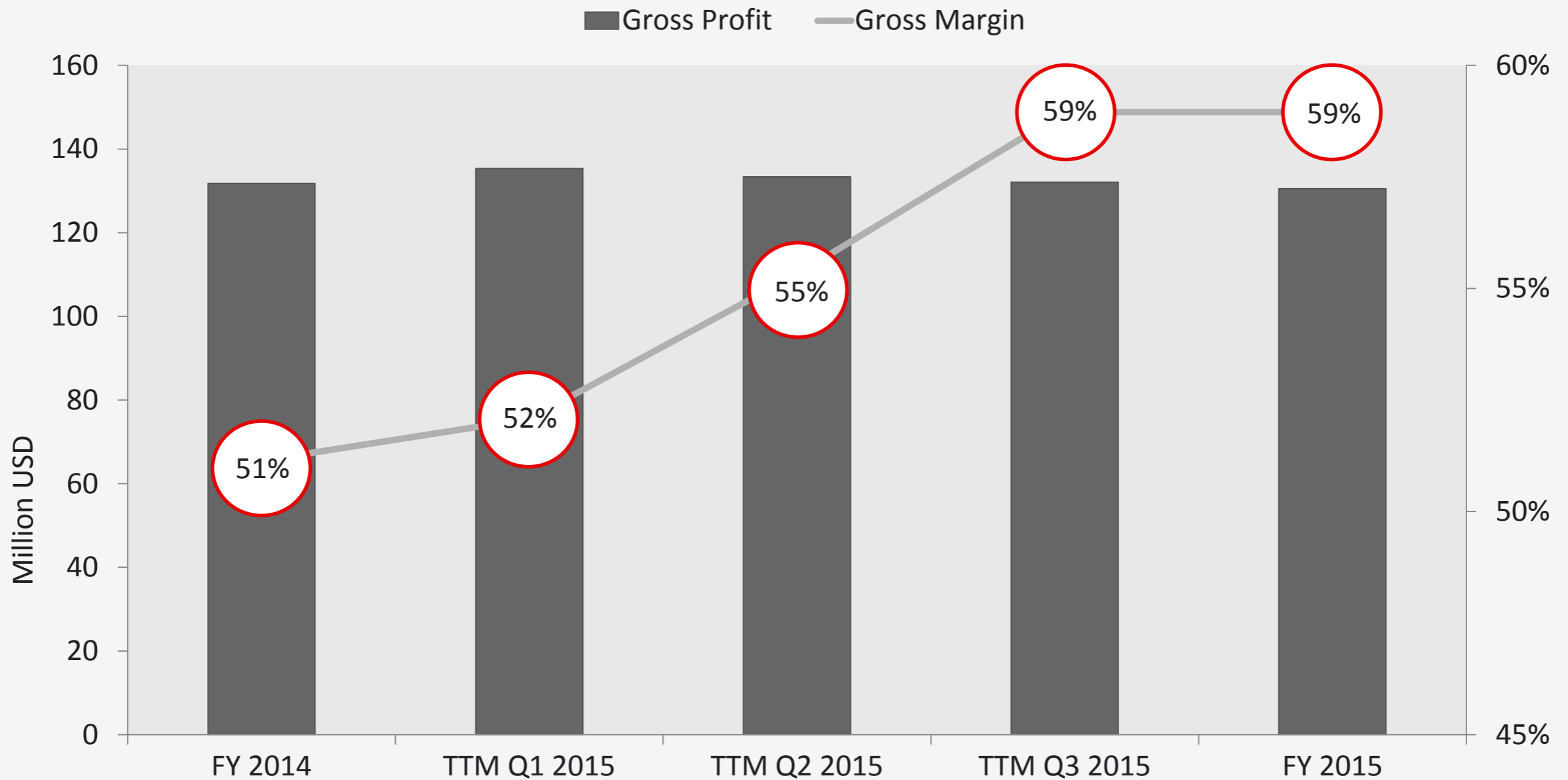
(US\$ MILLIONS)

	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	\$ Change	% Change
Software	12.0	26.5	16.0	13.9	20.0	18.7	10.8	16.7	2.5	18%
<i>% of revenue</i>	20%	37%	25%	23%	32%	35%	23%	28%		
Services	10.1	11.7	12.0	12.4	13.8	10.1	10.7	15.3	2.9	23%
<i>% of revenue</i>	17%	16%	19%	20%	22%	19%	23%	25%		
Third Party	5.3	8.5	3.2	7.3	4.2	2.4	3.4	4.0	(3.3)	45%
<i>% of revenue</i>	9%	12%	5%	12%	7%	4%	7%	7%		
Support	33.0	25.7	32.8	27.4	24.6	22.5	21.7	23.7	(3.7)	16%
<i>% of revenue</i>	55%	36%	51%	45%	39%	42%	47%	40%		
Total Revenue	60.4	72.4	63.9	60.9	62.6	53.7	46.7	59.8	(1.1)	(2%)
Recurring Revenue¹	33.4	25.9	32.9	28.5	27.4	24.8	24.6	26.0	(2.5)	(9%)
<i>% of revenue</i>	55%	36%	51%	47%	44%	46%	53%	44%		

¹ 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>		
Adjusted Total OPEX ¹	30.0	33.0	(3.0)	(9%)	110.5	132.2	(21.7)	(16%)
<i>% of Revenue</i>	<i>50%</i>	<i>54%</i>			<i>50%</i>	<i>51%</i>		

¹ Adjusted Total OPEX : Total OPEX less amortization, stock compensation, acquisition and restructuring costs.

(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

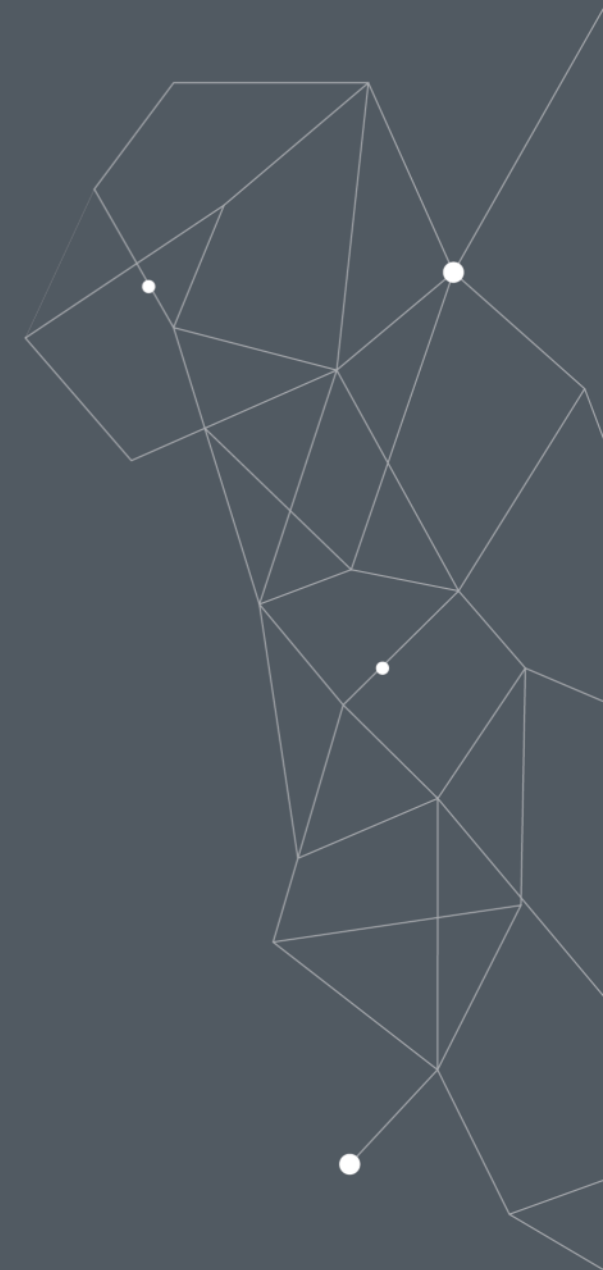
\$224M (USD)
FY 15 Revenue

Strong Recurring
Revenue: **46%**

Growing EBITDA
Margin: **15%**

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

Focused on Telecom
and IoT Markets



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REDKNEE SOLUTIONS INC.

2560 Matheson Blvd East, Suite 500
Mississauga, ON
Canada L4W 4Y9

David Charron

Chief Financial Officer

investor_relations@redknee.com

www.redknee.com

INVESTOR RELATIONS:

NATIONAL | Equicom

Robert Kelly

416-848-1382

rkelly@national.ca



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