



REDKNEE
Looking Beyond

Q2 FY17 - Investor Conference Call

May 11, 2017

TSX: RKN

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Revenue:	\$34.4M (Q2 FY16: \$39.8M)
Gross Margin:	59%
Recurring Revenue:	66% of total
Cash:	\$46.8M

Highlights:

- Redknee announced in late January that the Private Placement received shareholder approval. Redknee received gross proceeds of US\$83.2 million. Following completion of the Transaction, the Company used a portion of the net proceeds to fully repay all loans and borrowings.
- WOM Chile and Redknee sign a multi-million dollar transformation deal to deliver the full Redknee Unified stack to enable WOM to launch new service offerings, improve operational efficiency and create greater business value
- A Tier 1 CSP in APAC signs a multi-million dollar upgrade to the latest version of Redknee Unified. The upgrade will add additional capacity and new capabilities including VoLTE.

REVENUE BREAKDOWN BY QUARTER

(US\$ MILLIONS)

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	\$ Change	% Change
Software	16.7	9.7	4.7	2.7	6.1	3.3	4.6	(0.1)	(3%)
<i>% of revenue</i>	28%	19%	12%	7%	15%	9%	13%		
Services	15.3	13.0	11.6	9.6	9.0	9.1	8.3	(3.3)	(28%)
<i>% of revenue</i>	26%	26%	29%	24%	22%	25%	24%		
Third Party	4.0	2.5	0.8	4.8	1.6	1.6	0.4	(0.4)	(50%)
<i>% of revenue</i>	7%	5%	2%	12%	4%	4%	1%		
Support	23.7	25.0	22.7	23.4	23.9	23.2	20.9	(1.8)	(8%)
<i>% of revenue</i>	40%	50%	57%	58%	60%	62%	61%		
Total Revenue	59.8	50.1	39.8	40.5	40.7	37.2	34.4	(5.4)	(14%)
Recurring Revenue¹	26.0	25.9	25.1	25.6	25.7	24.9	22.7	(2.4)	(10%)
<i>% of revenue</i>	44%	52%	63%	63%	63%	67%	66%		

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

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

Q2 FY17 OPERATING COSTS

(US\$ MILLIONS)	Q2 FY17	Q2 FY16	\$ CHANGE	% CHANGE
S & M	5.4	7.8	(2.4)	(31%)
<i>% of Revenue</i>	16%	20%		
G & A	7.7	8.6	(0.9)	(10%)
<i>% of Revenue</i>	33%	22%		
R & D	9.3	12.6	(3.3)	(26%)
<i>% of Revenue</i>	27%	32%		
Restructuring Costs	3.9	24.5	(20.6)	(84%)
<i>% of Revenue</i>	0%	62%		
Acquisition Costs	0	0.1	(0.1)	(100%)
<i>% of Revenue</i>	0%	0%		
Adjusted Total OPEX ¹	22.5	29.0	(6.5)	(23%)
<i>% of Revenue</i>	65%	73%		

¹ Adjusted Total OPEX : Total OPEX less acquisition costs and restructuring costs.

BALANCE SHEET & BACKLOG

(US\$ MILLIONS)	Q2 FY17	Q1 FY17	% CHANGE
Cash and Investments	\$46.8M	\$31.8M	47%
A/R	\$29.2M	\$38.9M	(25%)
DSO	70 days	90 days	(20 days)
Unbilled Revenue	\$25.8M	\$25.2M	2%
Deferred Revenue	\$14.9M	\$15.7M	(5%)
Working Capital	\$50.6M	\$(24.0)M	(55%)

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