Opera Software: First quarter 2012

1Q 2012 Financial highlights

	Financial metric	1Q12 Status report (MUSD)	1Q11 (MUSD)
Revenue	Total revenue	46.9	36.7
Profitability	Adj. EBITDA*/**	15.2	9.7
	EBIT**	12.4	7.7

- Record revenue and profitability
- Strong revenue growth from Mobile Consumers, Mobile Publishers & Advertisers, Desktop and Devices OEMs
- Continuing to see a shift in revenue mix towards license revenue

*Non-IFRS EBITDA excludes stock option costs

**Excluding one-off extraordinary costs of MUSD 0.7 in 1Q12

OPERA software

Highlights

Operators

- Strong growth in operator Opera Mini users: 31.1 million in March 2012, vs. 13.6m in March 2011, up 129%
- Strong operator platform for continued growth
  - Growth from existing customers like Telkomsel, AT&T, MTN, Telenor and MTS
  - New operator agreements announced in the quarter include SingTel (Singapore) and Idea Cellular (India)

Mobile/Devices

- 168.8m users of Opera Mini in March
- Continue to build leading position in the TV/set-top box segment
- Signed agreement with Vestel, largest TV Manufacturer in Europe

End users

- 270 million+ people using Opera browsers every month
- Mobile Consumer revenue up 253%+ in 1Q12 vs. 1Q11
- Mobile Publishers & Advertisers revenue up 303% in 1Q12 vs. 1Q11
- Launched Opera Payment Exchange (OPX), enabling a payment eco-system around Opera Mini

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Financial review

A note from our lawyers

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Financial Highlights

	Financial metric	1Q12 Status report (MUSD)	1Q11 (MUSD)
Revenue	Total revenue	46.9	36.7
Profitability	Adj. EBITDA*/**	15.2	9.7
	EBIT**	12.4	7.7
Cash generation	Operating Cash Flow	12.0	8.8
	Free Cash Flow***	10.2	6.5

*Non-IFRS EBITDA excludes stock option costs

**Excluding one-off extraordinary costs of MUSD 0.7 in 1Q12

*** Operating Cash Flow less capital expenditures

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1Q12 Actuals versus Guidance

	1Q 2012 Actuals	1Q 2012 Midpoint Guidance (February 16)*
Revenue	MUSD 46.9	MUSD 46
EBIT**	MUSD 12.4	MUSD 11

*Provided at 4Q11 Presentation

** Excluding one-off extraordinary costs of MUSD 0.7 in 1Q12

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1Q12 Financial review

MUSD	1Q2012*	1Q2011	Q on Q
Revenue	**46.9**	36.7	**28%**
Cost of Goods sold-	**3.1**	0.5	**476%**
Payroll and related expenses -	**20.0**	18.8	**6%**
Stock option costs -	**0.9**	0.8	**5%**
Depreciation and amortization -	**2.0**	1.2	**66%**
Other operating expenses -	**8.6**	7.6	**13%**
Total expenses =	**34.6**	29.0	**19%**
EBIT	**12.4**	7.7	**61%**
Net Income	**7.2**	4.1	
EPS (USD)	**0.06**	0.04	

*** Excludes extraordinary one-time costs**

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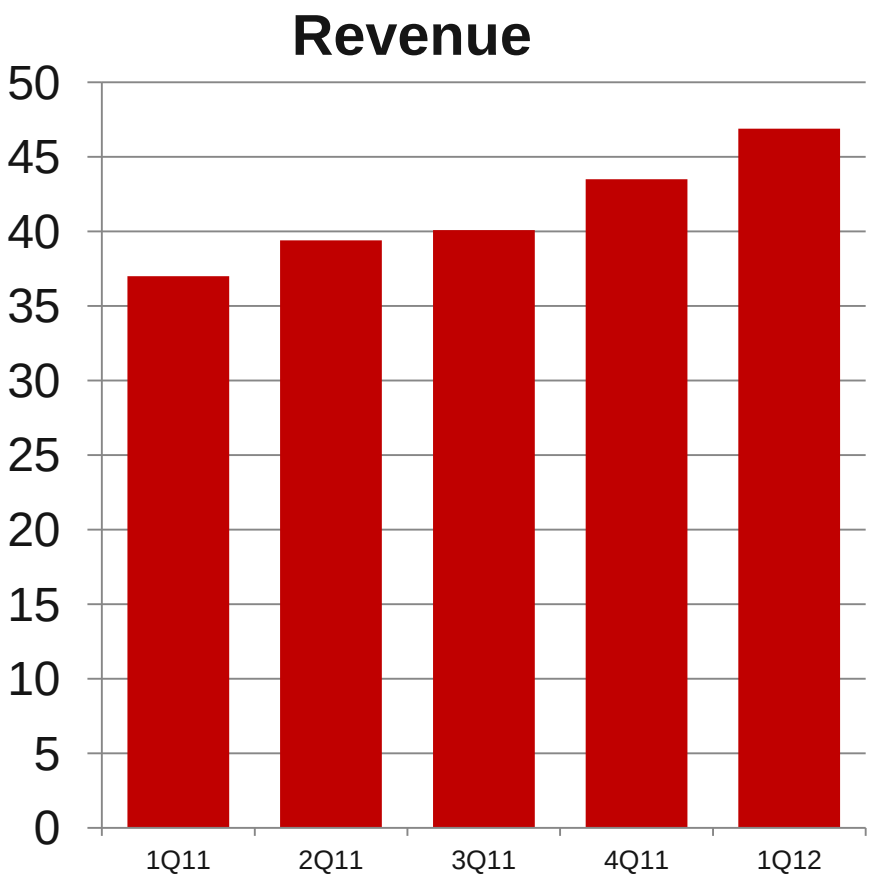
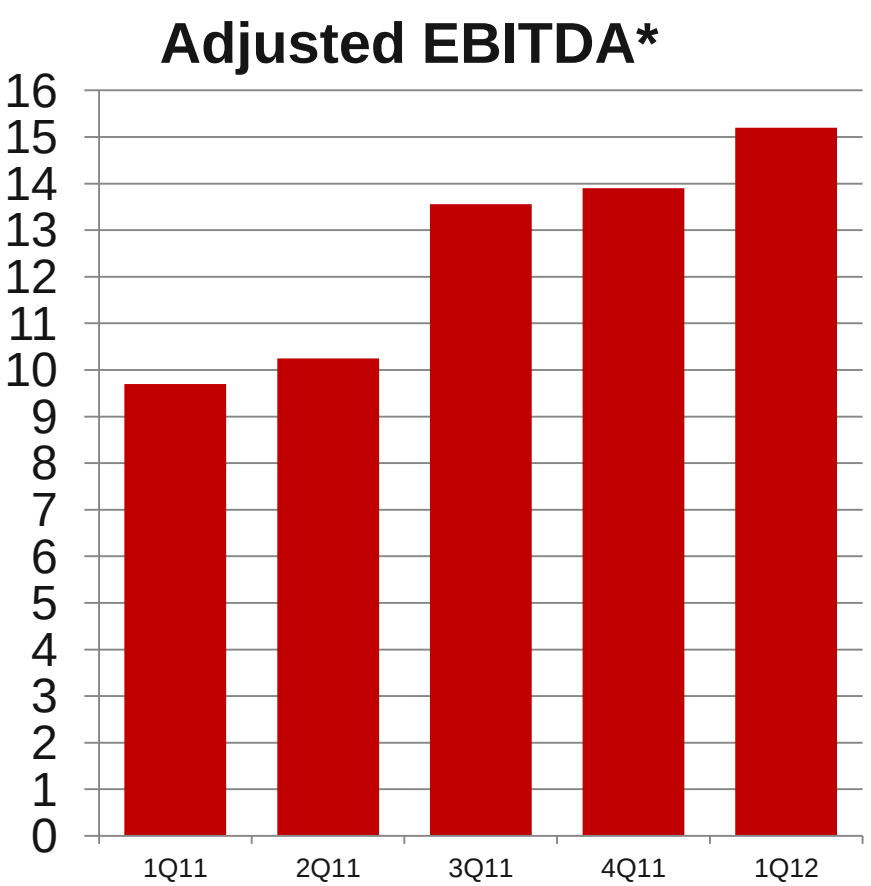
Financial highlights: 1Q11-1Q12

Operating revenues (MUSD)



Adjusted EBITDA* (MUSD)



* Non-IFRS EBITDA excludes stock option costs and extraordinary one-time costs

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Revenue growth drivers

- Operators: Users and Usage
- Mobile Consumers: Users and Usage
- Desktop: Users and Usage
- Device OEMs: ConnectedTVs
- Mobile Publishers & Advertisers: Mobile Advertising Spend from Premium Brands

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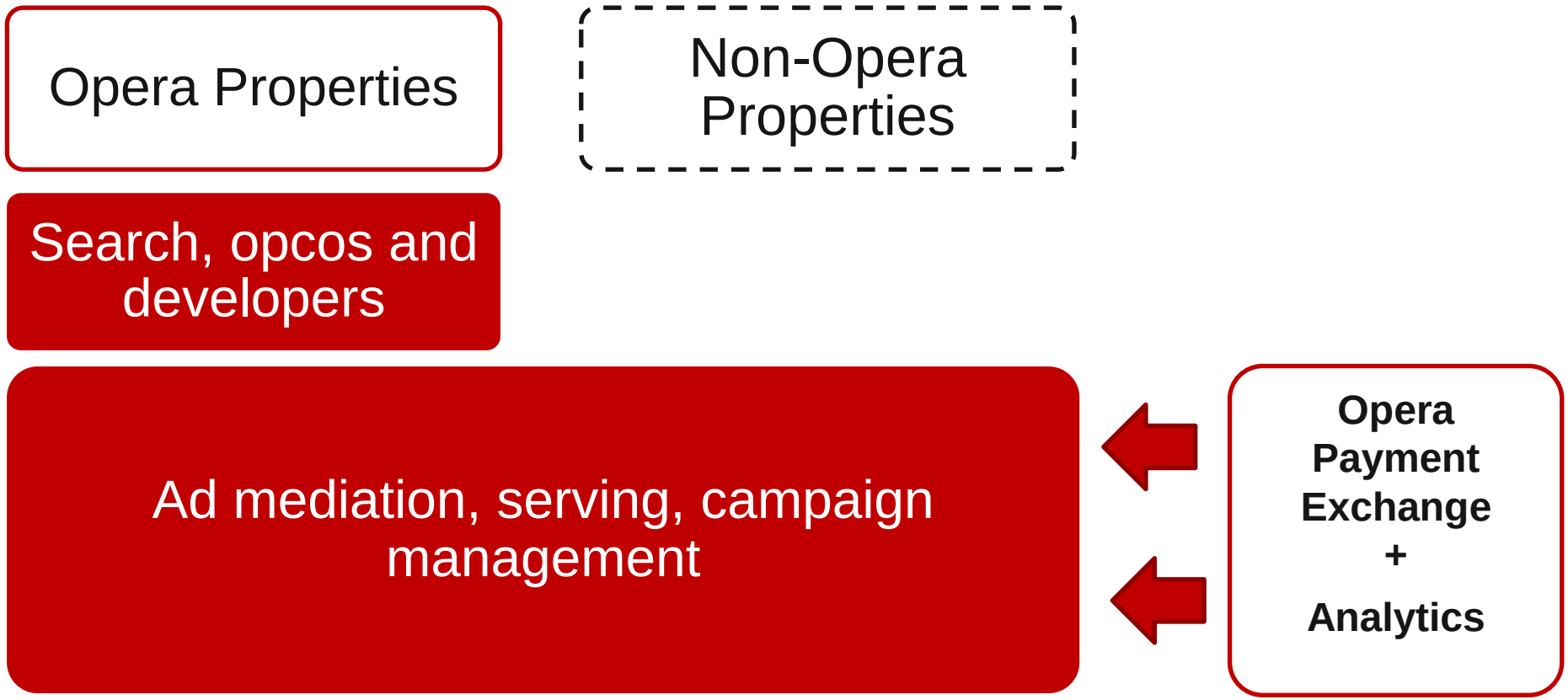
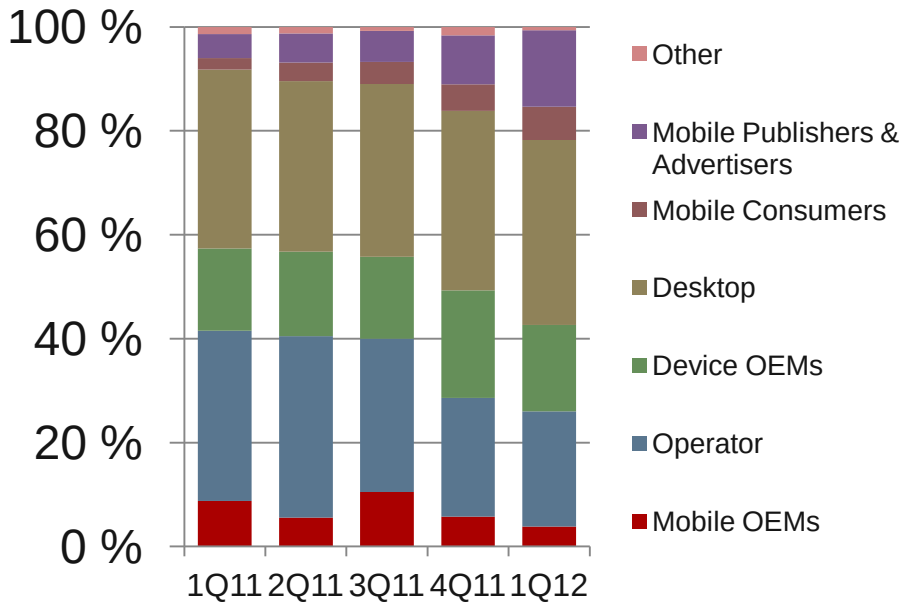
Overall Mobile Monetization Strategy

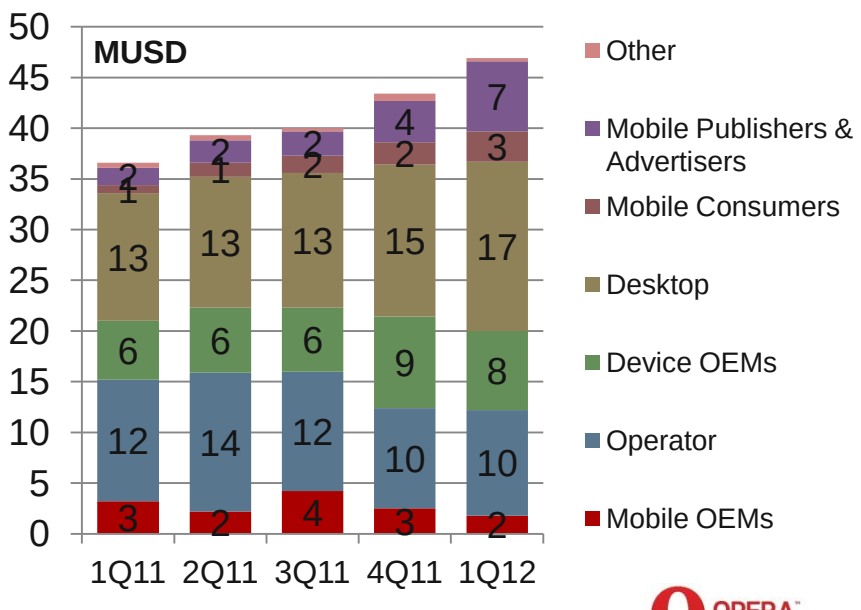


Revenue: Customer type (1Q12)

Overall revenue as expected

Customer Type	
Operator	Lower than expected due to lower NRE revenue
Mobile Consumers (Opera owned and operated properties)	As expected vs. guidance
Mobile OEM	As expected vs. guidance
Desktop Consumers	Better than expected on strong local affiliate and search revenue
Device OEM	As expected vs. guidance
Mobile Publishers & Advertisers (Non Opera owned and operated properties)	Better than expected vs. guidance



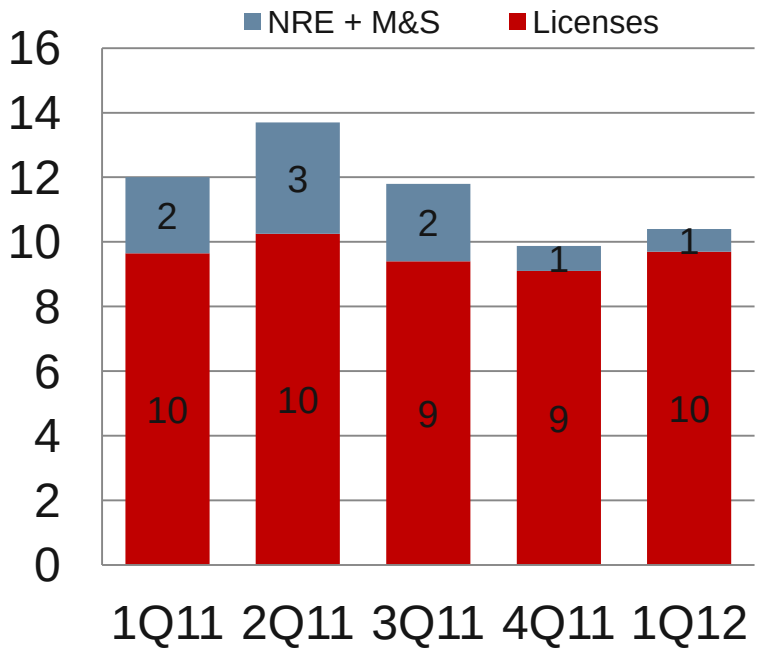


Revenue: Operators (1Q12)

Operator Revenue lower than expected on lower NRE revenue

- **129% Operator Opera Mini user growth March 2012 vs. March 2011**
- **User growth driven by MTN, MTS, Telenor, Telkomsel, and Vodafone in particular**
- **Opera Mini licence revenue up 23% to MUSD 9.1, with ARPU as expected**
- **Overall revenue growth: Down 13% versus 1Q11, with strong Opera Mini user and license growth offset by lower customized Opera Mobile license and NRE revenue**

MUSD Operator Revenue total*



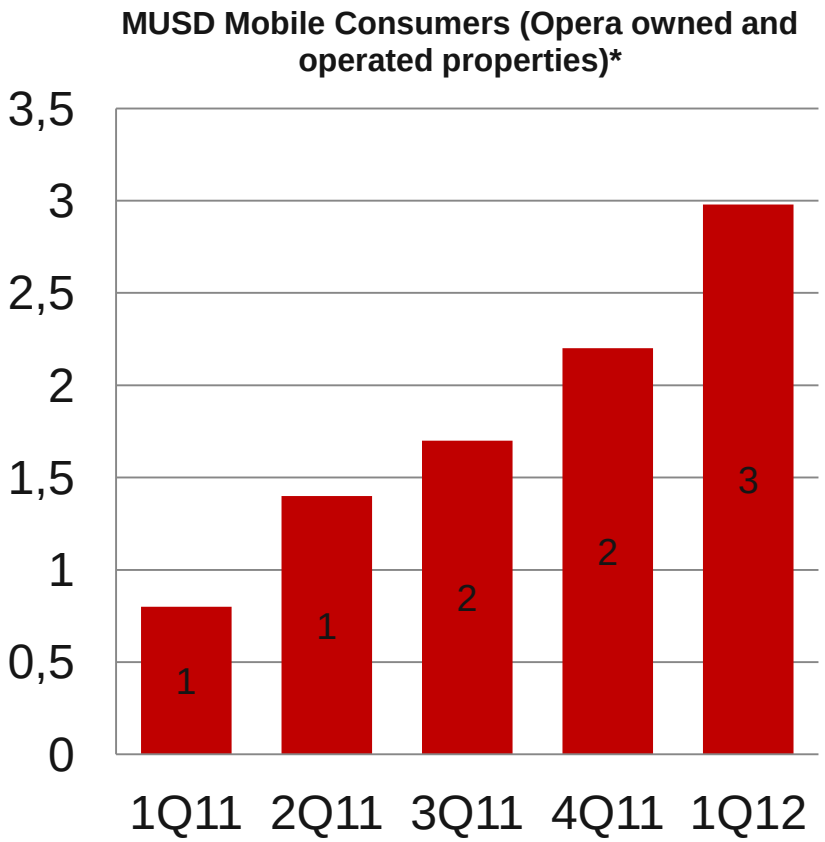
* Unaudited

Revenue: Mobile Consumers (Opera owned and operated properties - 1Q12)

Mobile Consumer revenue as expected

Revenue growth driven by mobile search vs. 1Q11

Revenue growth: 253% versus 1Q11



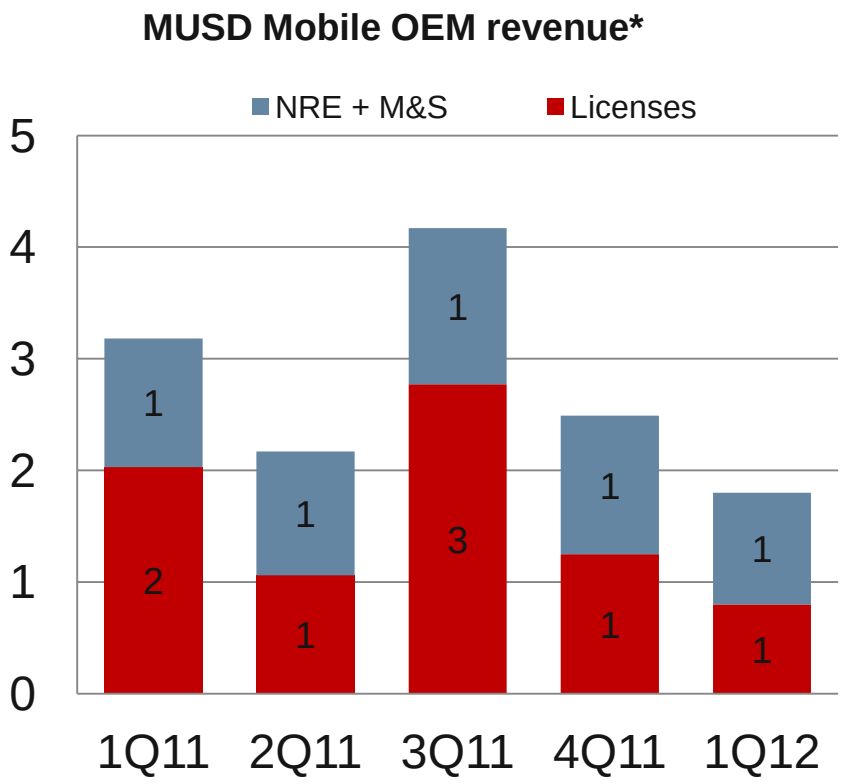
* Unaudited

Revenue: Mobile OEMs (1Q12)

Mobile OEM revenue in line with expectations

License revenue: 40+% of revenue

Overall revenue growth: down 44% versus 1Q11



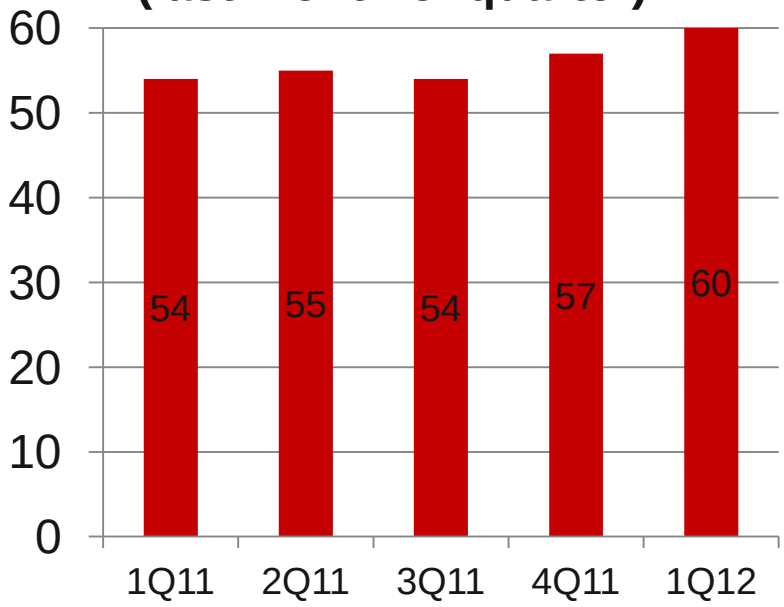
* Unaudited

Revenue: Desktop Consumers (1Q12)

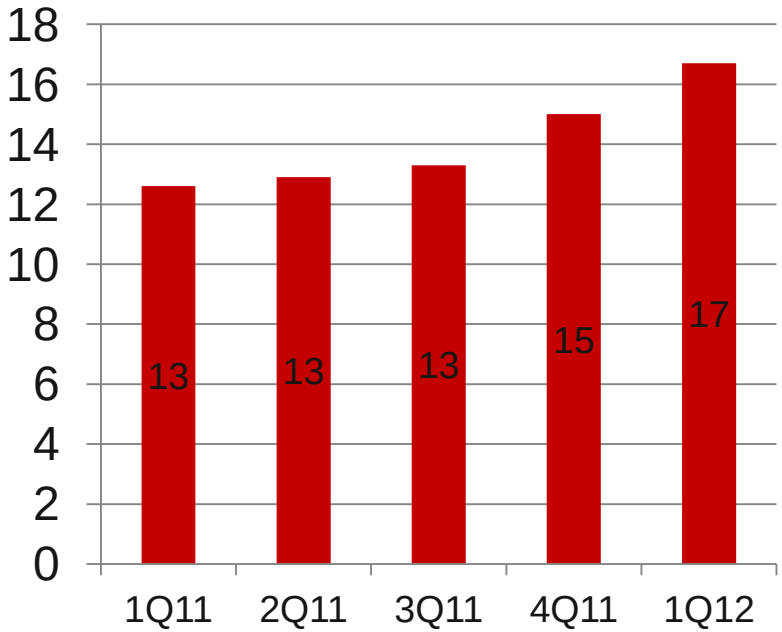
Desktop revenue better than expected on strong local affiliate and search revenue

- **Desktop user growth 11% versus end of 1Q11**
- **Strong ARPU due to strong local affiliate and search revenue**
- **Overall revenue growth: 33% versus 1Q11**

Monthly Desktop users* (last month of quarter)



Desktop revenue* (MUSD)



*Unaudited. User figures are in millions

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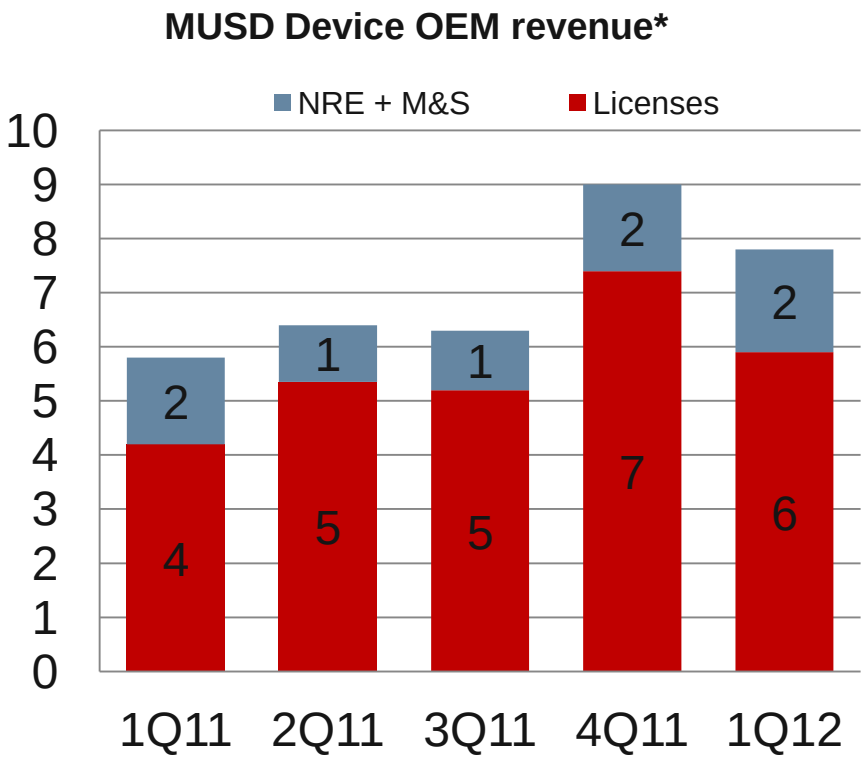
Revenue: Device OEMs (1Q12)

Device OEM revenue as expected on strong license revenue

- **Revenue driven by Connected TV customers**
- **License revenue: 75%+ of revenue**
- **Overall revenue growth: 34% versus 1Q11, with strong growth in license revenue**



* Unaudited

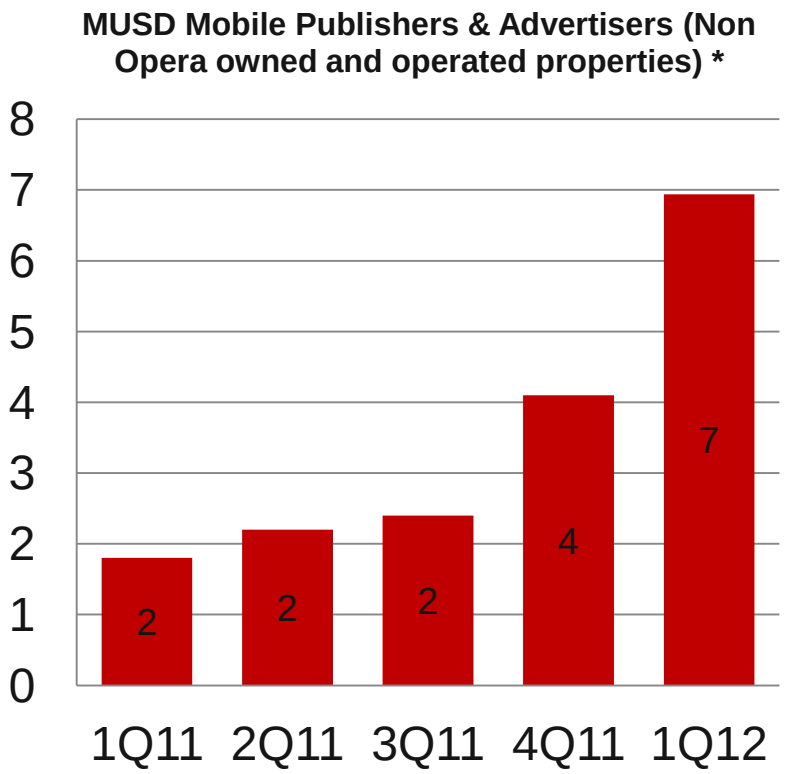
Revenue: Mobile Publishers & Advertisers (Non Opera owned and operated properties - 1Q12)

Mobile Publisher & Advertiser revenue better than expected versus guidance

Revenue growth driven by premium publishers and advertisers

AdMarvel managed 86B ad impressions in 1Q12, up 83% vs. 1Q11

Revenue growth: 303% versus 1Q11



* Unaudited

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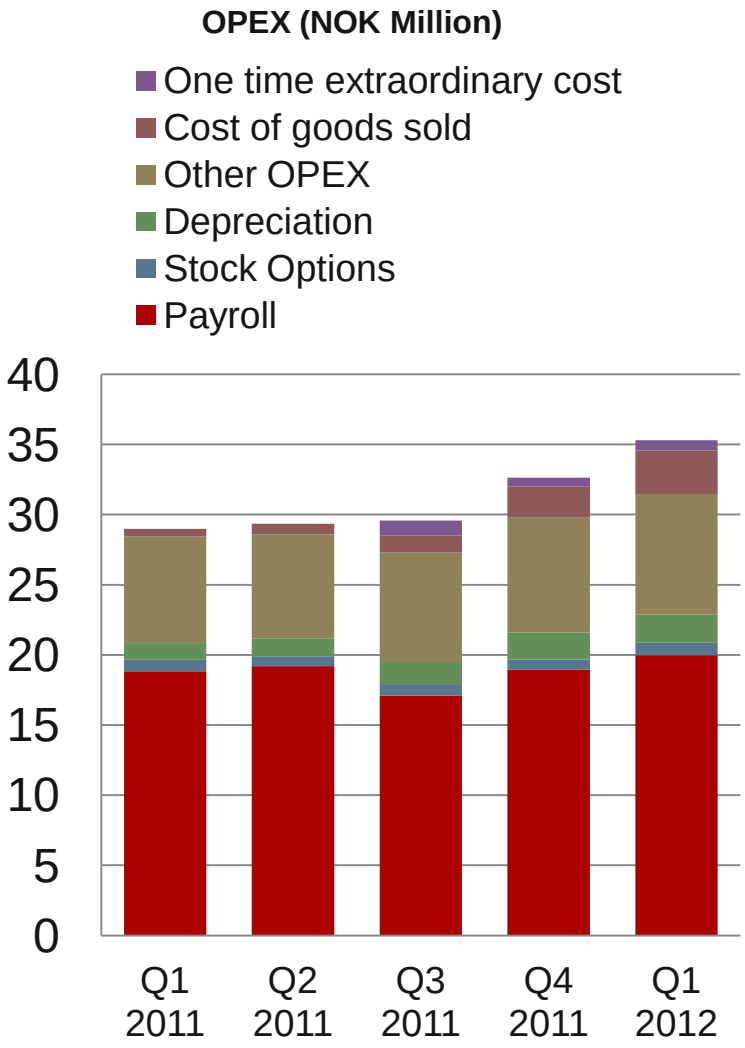
OPEX development



Cost line	1Q12 vs. 1Q11	Comments
Payroll	6%	•Higher compensation expense per employee and overall headcount growth.
Stock options	5%	higher average strike price on options outstanding at the end of 1Q12 compared to 1Q11.
Depreciation & Amortization	66%	•Investments in Opera Mini server infrastructure •Implementation of shorter depreciation period for servers, effective 3Q11
Other OPEX	13%	•Higher server hosting, travel and marketing costs. •Hosting costs* key driver (total of MUSD 3.1 in 1Q12 versus MUSD 1.8 in 1Q11)
Cost of Goods Sold	476%	•COGS related to Mobile Publisher & Advertiser business
One time extraordinary costs	N/A	Primarily related to M&A related legal costs.
Total Expenses	19%	• Generally good cost control

* Unaudited. Also includes relevant depreciation.

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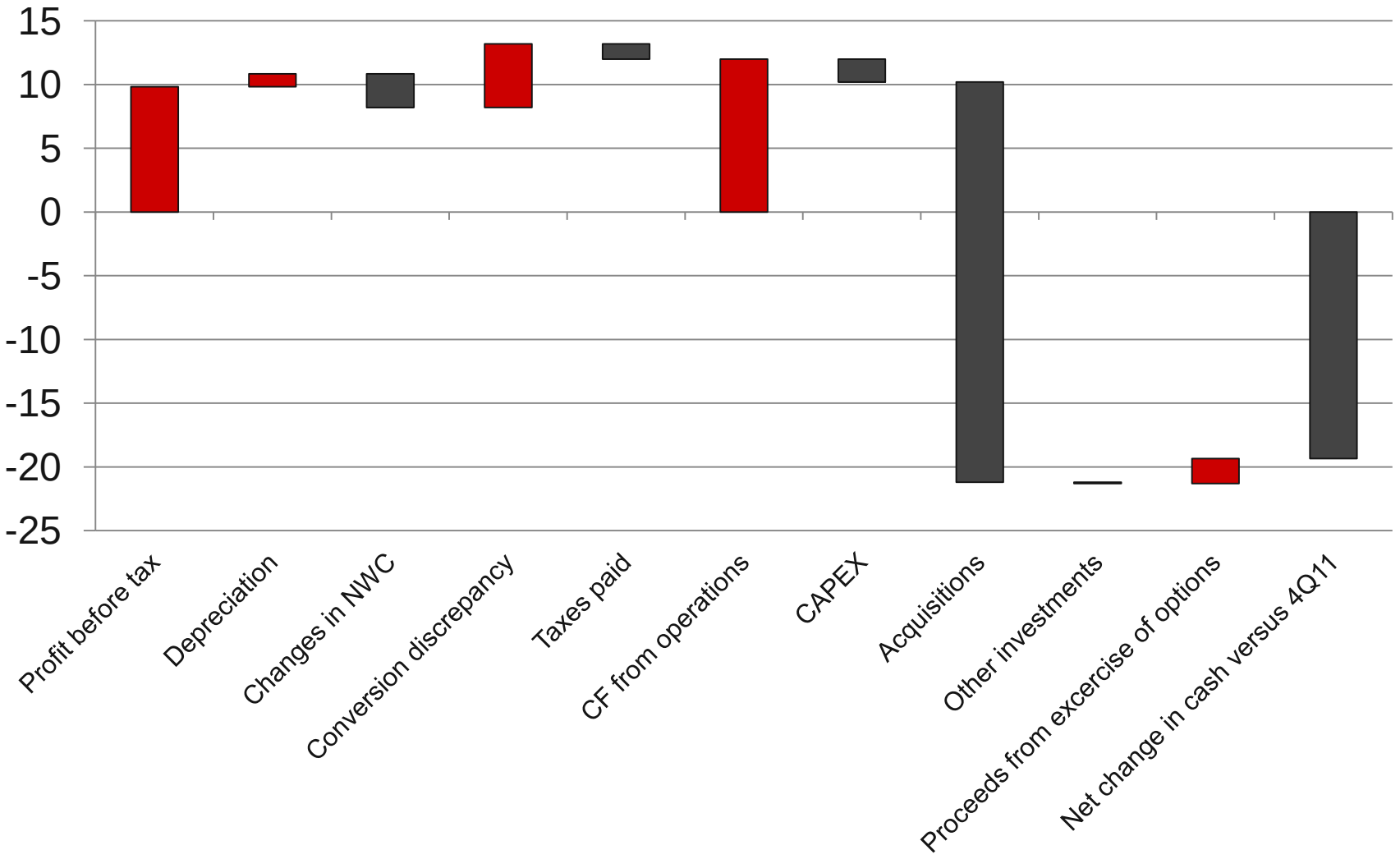
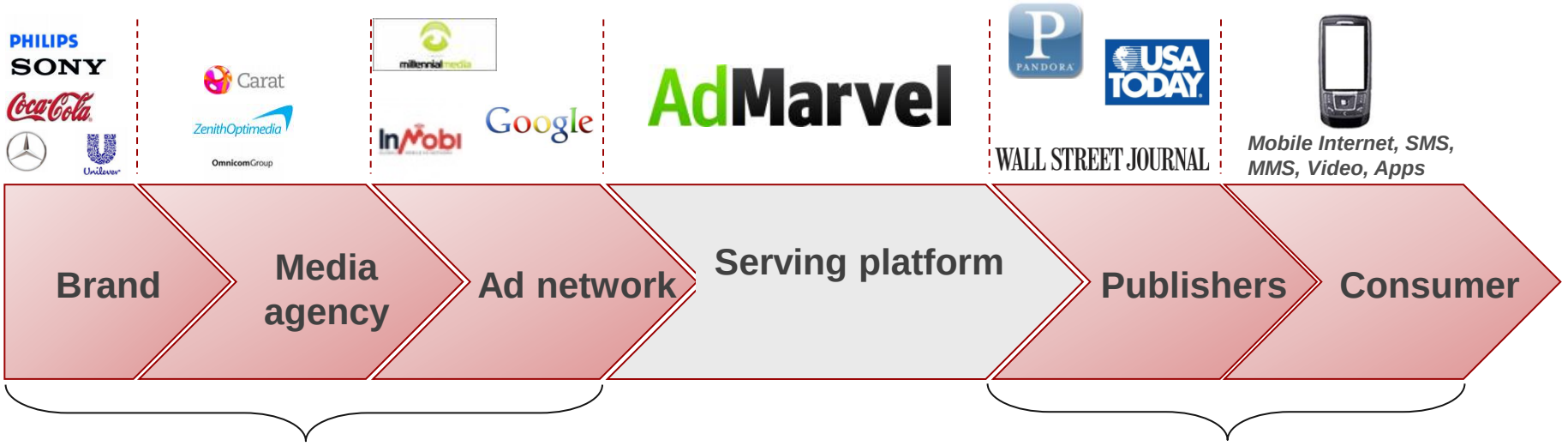
Cash flow 1Q12 (MUSD)



Update from the Mobile Ad Network Acquisitions



Demand side

Supply side

mobile theory

AdMarvel

4TH SCREEN ADVERTISING

OPERA software

2Q12 Guidance

Metric	2Q 2012 Guidance
Revenue*	MUSD 50.5-52.5
EBIT**	MUSD 10-11

* Assumes currency remainder of 2012 (NOK 5.8 /USD, USD 1.3 /EUR)
**Earnings before interest and taxes, exclude extraordinary/one-time costs and acquisition costs.

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2Q12 Guidance

		Vs. 1Q12	Comments
Revenue*	Operators	Up	Opera Mini user growth from existing and new agreements
	Mobile Consumers	Up	Opera Mini user growth and search
	Mobile OEMs	Down	General trend
	Desktop	Flat	Seasonally weaker 2Q
	Device OEMs	Flat	Coming off solid 1Q12
	Mobile Publishers & Advertisers	Up	Growth driven by premium publishers and advertisers
Expenses	Payroll	Up	Hires late in 1Q12, with full impact in 2Q12, in addition to general salary adjustments (April).
	Stock option costs	Up	Due to issuance of new options
	Depreciation	Up	Continued investments in Opera Mini server hosting infrastructure
	Cost of goods sold	Up	Growth in Mobile Publisher and Advertiser business
	Other Opex	Up	Primarily due to server hosting, travel and marketing

* Assumes currency remainder of 2012 (NOK 5.8 /USD, USD 1.3 /EUR)

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FY2012 Outlook

Metric	2012 Guidance
Revenue*	MUSD 200-215
EBIT**	MUSD 48-53

*Assumes currency remainder of 2012 (NOK 5.8 /USD, USD 1.3 /EUR)
**Earnings before interest and taxes, exclude extraordinary/one-time costs and acquisition costs.

Operational Update
Q1-2012

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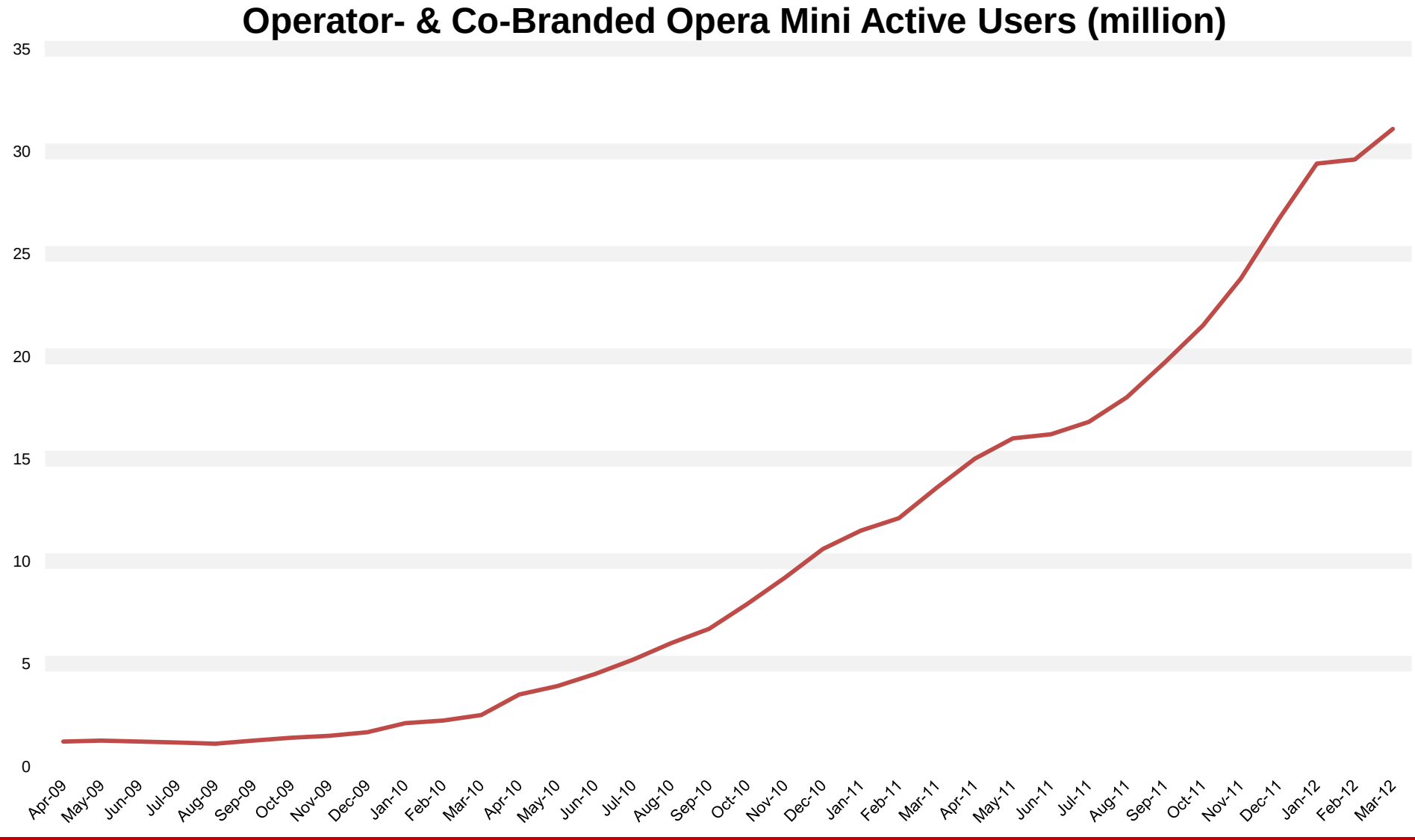
Operators

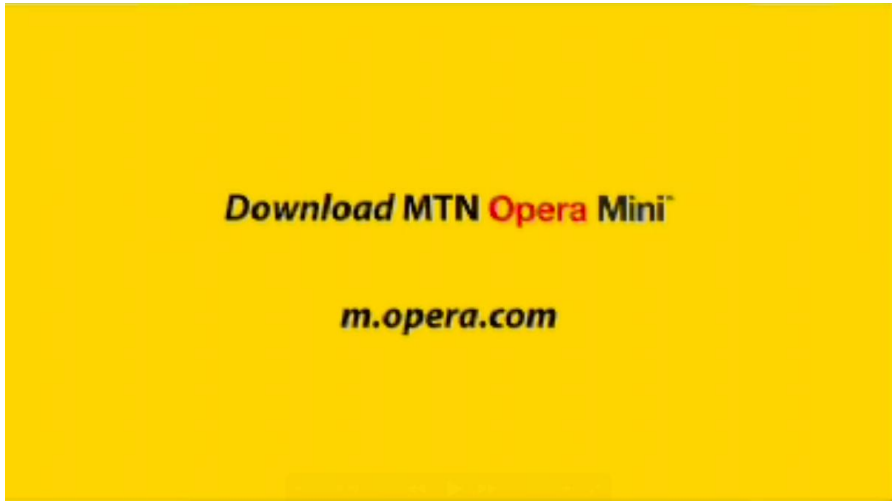


Continued strong growth: 31 million+ Operator Opera Mini users

Telkomsel launches low-cost data bundle with Opera Mini and chat service

- 360 degree campaign: TV, print, outdoor and online
- Promoted across Indonesia
- Message: “Unlimited freedom to be creative with Opera Mini and WhatsApp”

MTN aggressively promoting Opera Mini on TV



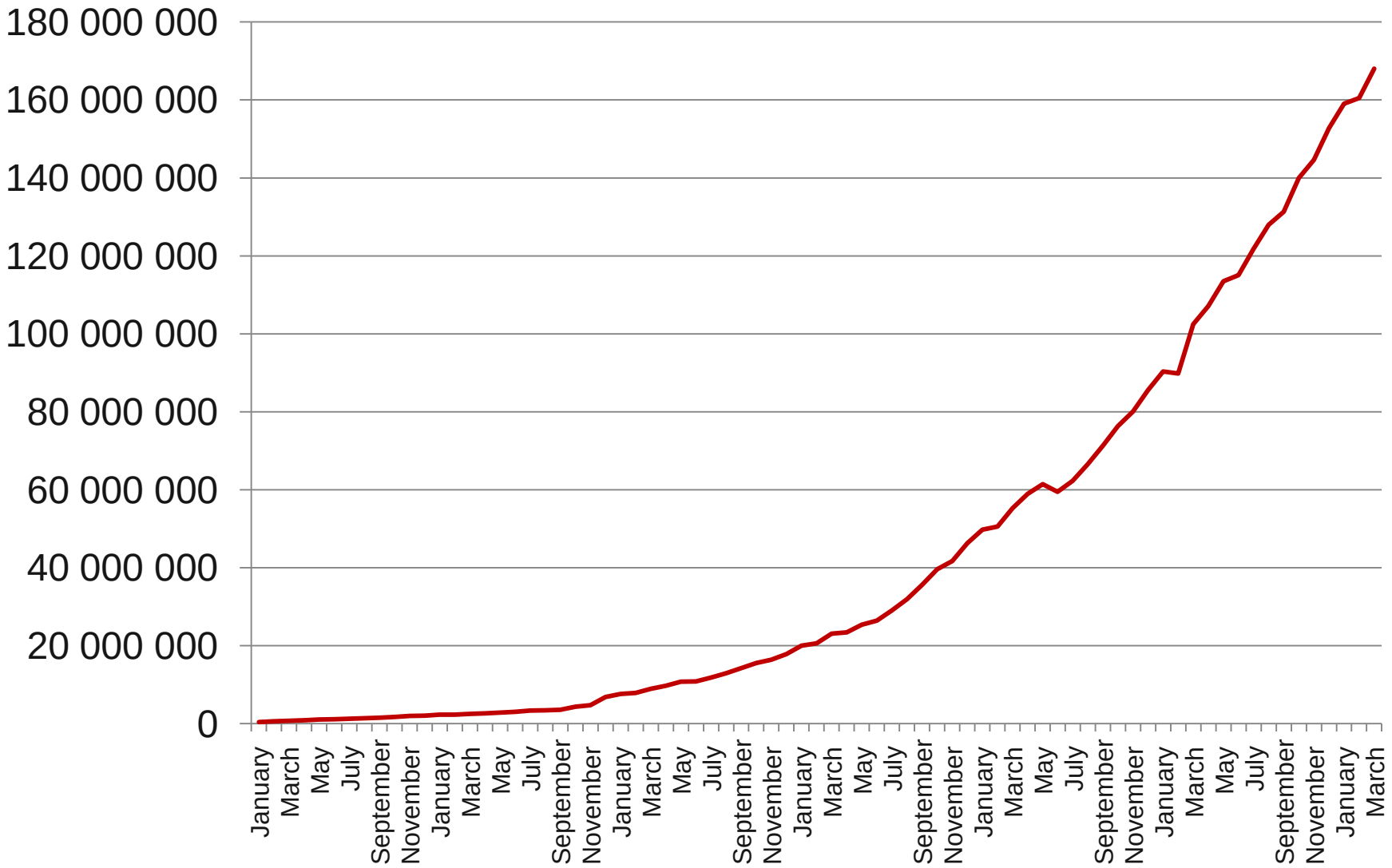
- Three 30-second TV commercials
- In rotation on satellite CNN, MTV and SuperSport
- Aired across Africa and beyond (UK, Norway, …)
- Message: “Get Mini, go faster! Download MTN Opera Mini.”

New deals

signed with big players

Continued strong pipeline in MEA, APAC and LATAM

Opera Mini growth continues



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Opera Mini web browser

By Opera Software ASA

603 reviews

Rated: T Teen

FREE Download >

Item Description

A web browser for mobile devices offering fast speed, Opera Mini uses Opera's servers to compress webpages so they load faster. You also save money on data charges, since it uses as little as a tenth of the data of normal browsers.

Facebook, Google, Yahoo!—with Opera Mini, all your favorite sites load faster than you've ever seen on your phone.

Full Description ▾

Latest Reviews (5 of 603 reviews) See all reviews

Love

April 26, 2012

:*

By: NO One Can

Item Information

Share▾

Version: 6.5.2

Release: March 06, 2012

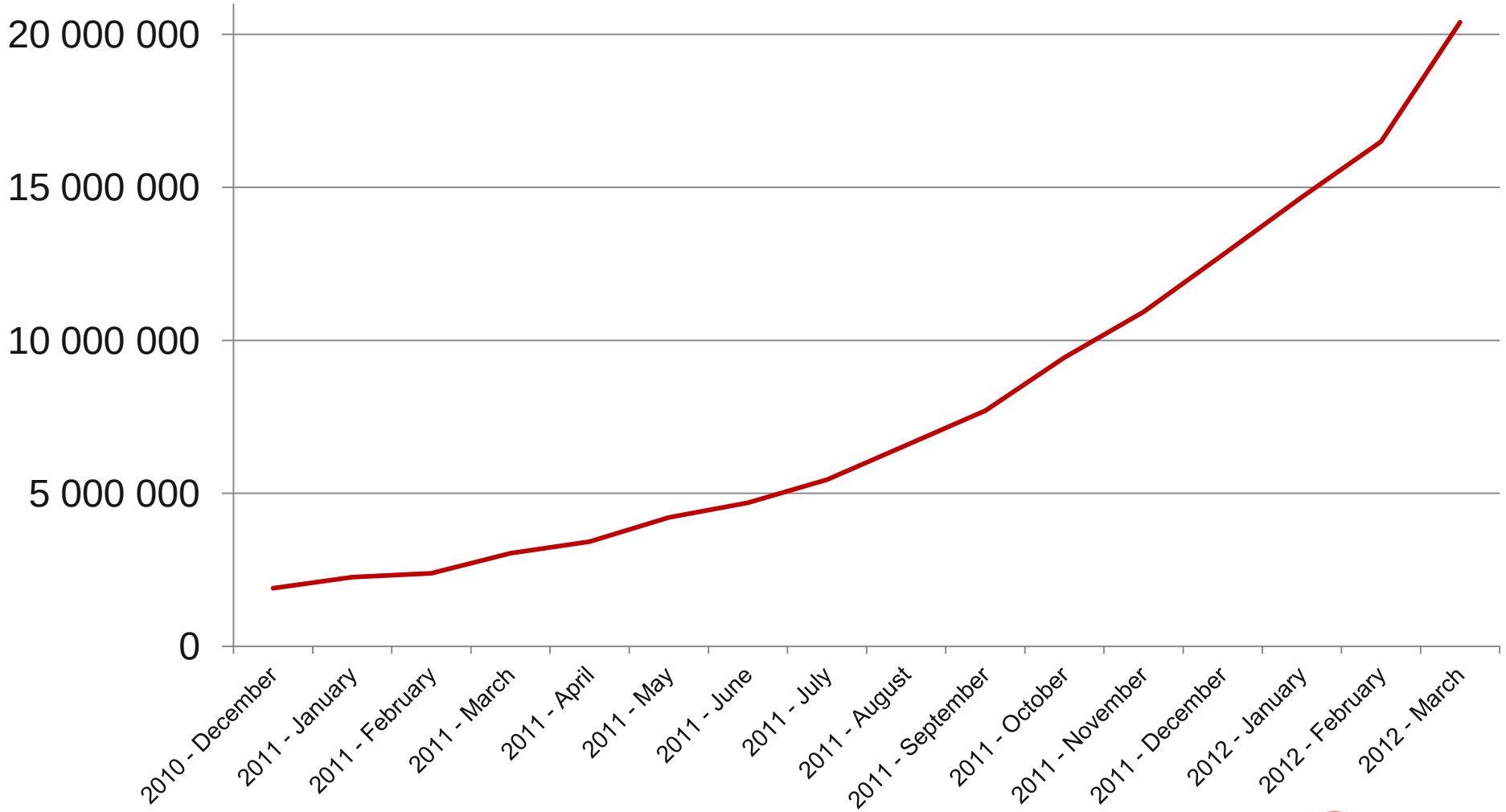
File Size: 596 KB

Support: sup port @ope ra.c om

Screenshots

Opera Mini enters BlackBerry App World March 6th, resulted in 14% growth in March

Opera growth on Android



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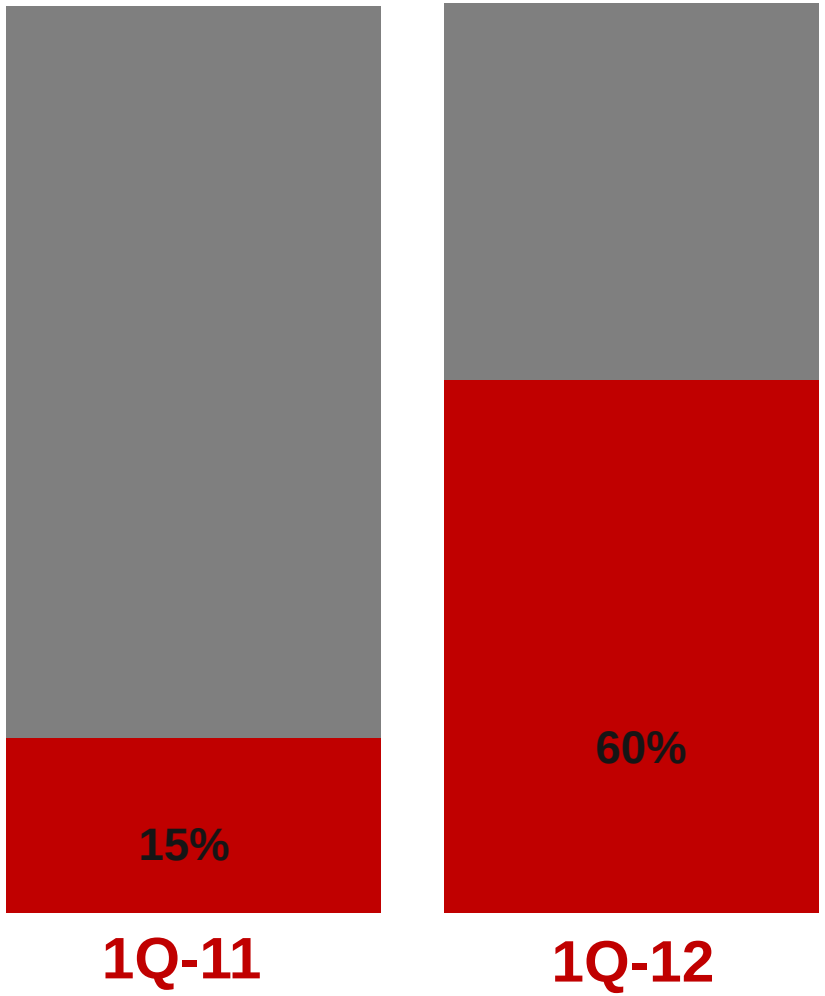
Significant

part of our user growth is now on smartphone

(from 15% in 1Q-11 to 60% 1Q-12)



Smartphone growth will enable better monetization of mobile search

Mobile OEMs

Opera Mini

installed on many OEM phones

Samsung distribution growing fast as Opera Mini is shipping on phones worldwide

TV & Devices

Opera signs new Tier-1 TV OEM

Corporate Overview

Largest TV Manufacturer in Europe for over 200 brand names globally

Leading European STB vendor, particularly strong in Middle East and Eastern Europe

Nature of Deal

Long term license for Opera Devices SDK and Opera TV Browser to ship on compatible Vestel products

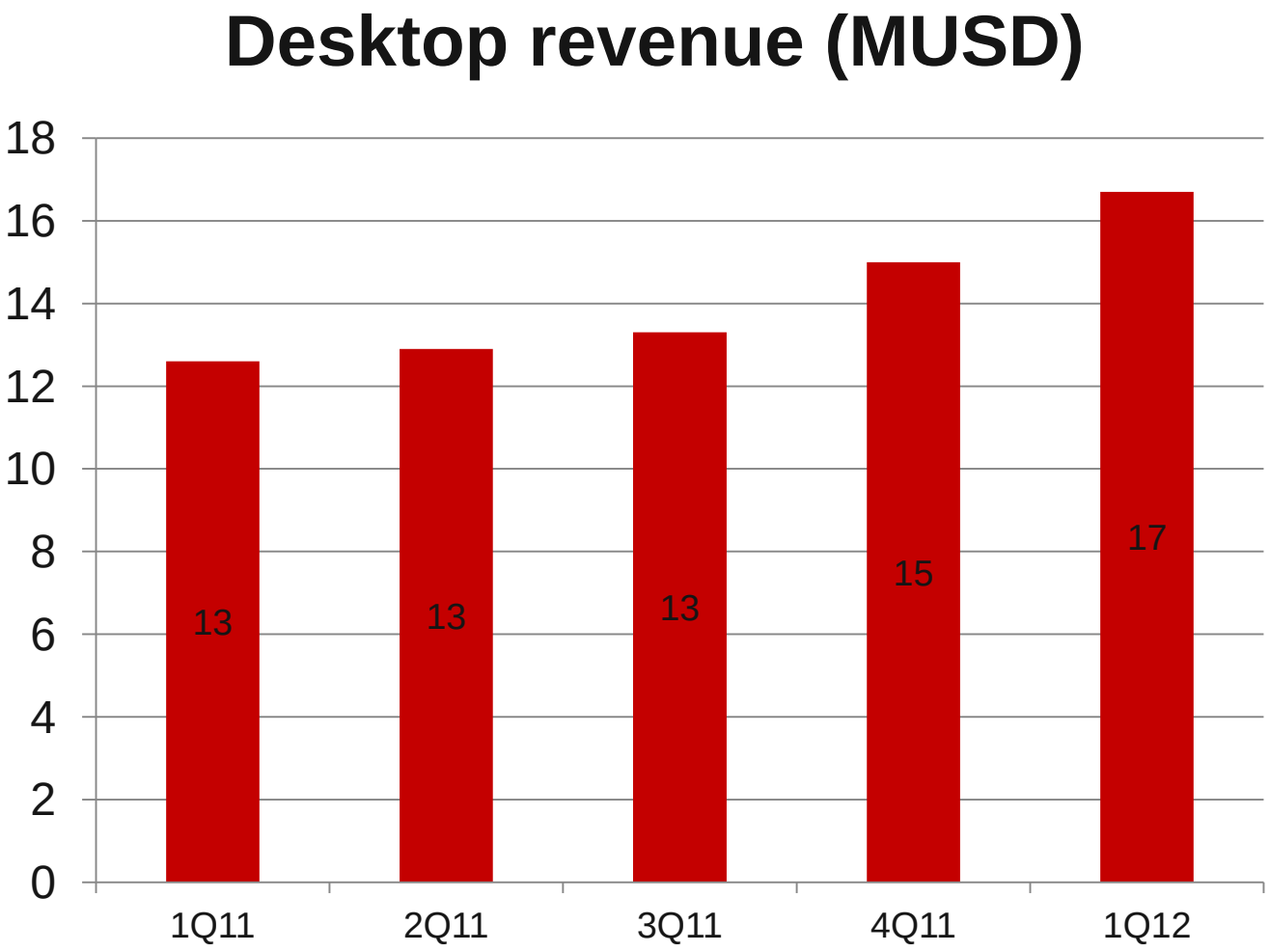
VESTEL

New contracts

1. Korean STB OEM
2. Korean STB OEM
3. Taiwan Chip-set
4. US Chip-set

Good momentum with existing and new customers in TV & Devices

Desktop



Continued growth in users and revenue from desktop

Opera 12 beta launched on April 26th

Faster page loading and quicker startup.

Themes for easy and playful customizations.

Improved quality through separation of plug-ins like Flash.

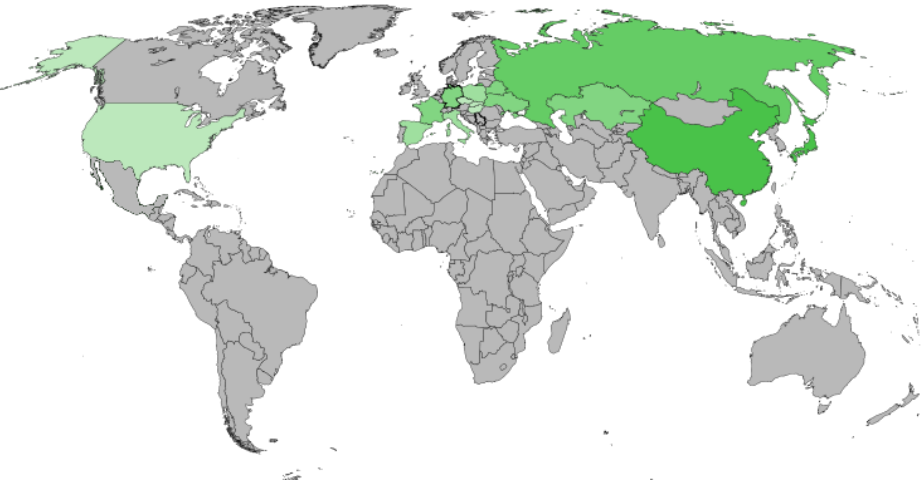
Added support for Arabic, Hebrew, Urdu and Farsi.

Cutting edge support for new web standards like Camera, CSS animations and HTML5 drag'n'drop.

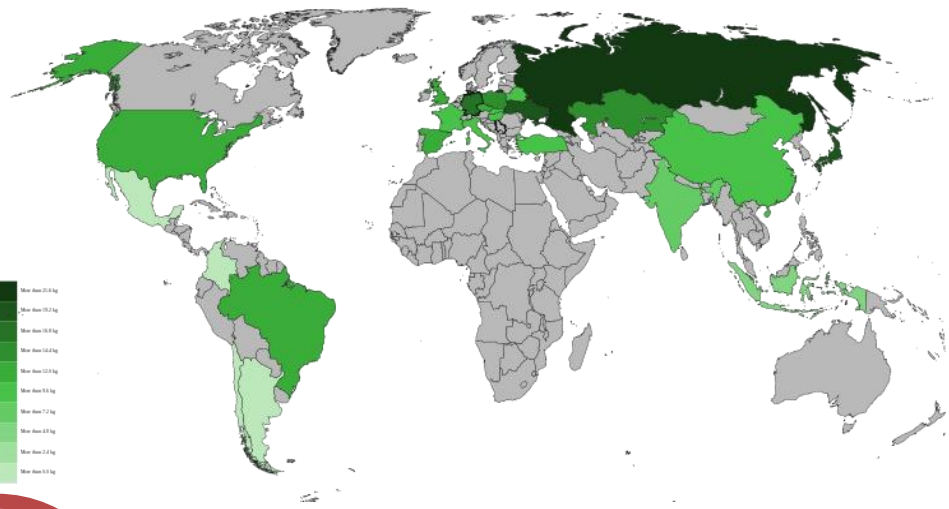
OPERA software

Significant growth of commercial desktop partners and revenue during the last quarters

Q1-2011



Q1-2012



Revenue increase excluding search **x3**

OZON.ru

amazon.com

Rambler

BOOKING.COM online hotel reservations

@mail.ru

allegro

ebay

Bringing on more global and local partners for service integration and distribution

Advertising

Leading Global Mobile Advertising Platform

Opera Mobile Publisher & Advertiser Business

Who We Are:

- Used by the world's leading media brands & publishers
- 35B+ monthly impressions, 9000 sites and apps
- Audience reach: 140M mobile consumers globally (330M including Opera)
- 9/10 smartphone users in the U.S.
- Delivered **$225M+ mobile ad revenue to publishers in 2011**

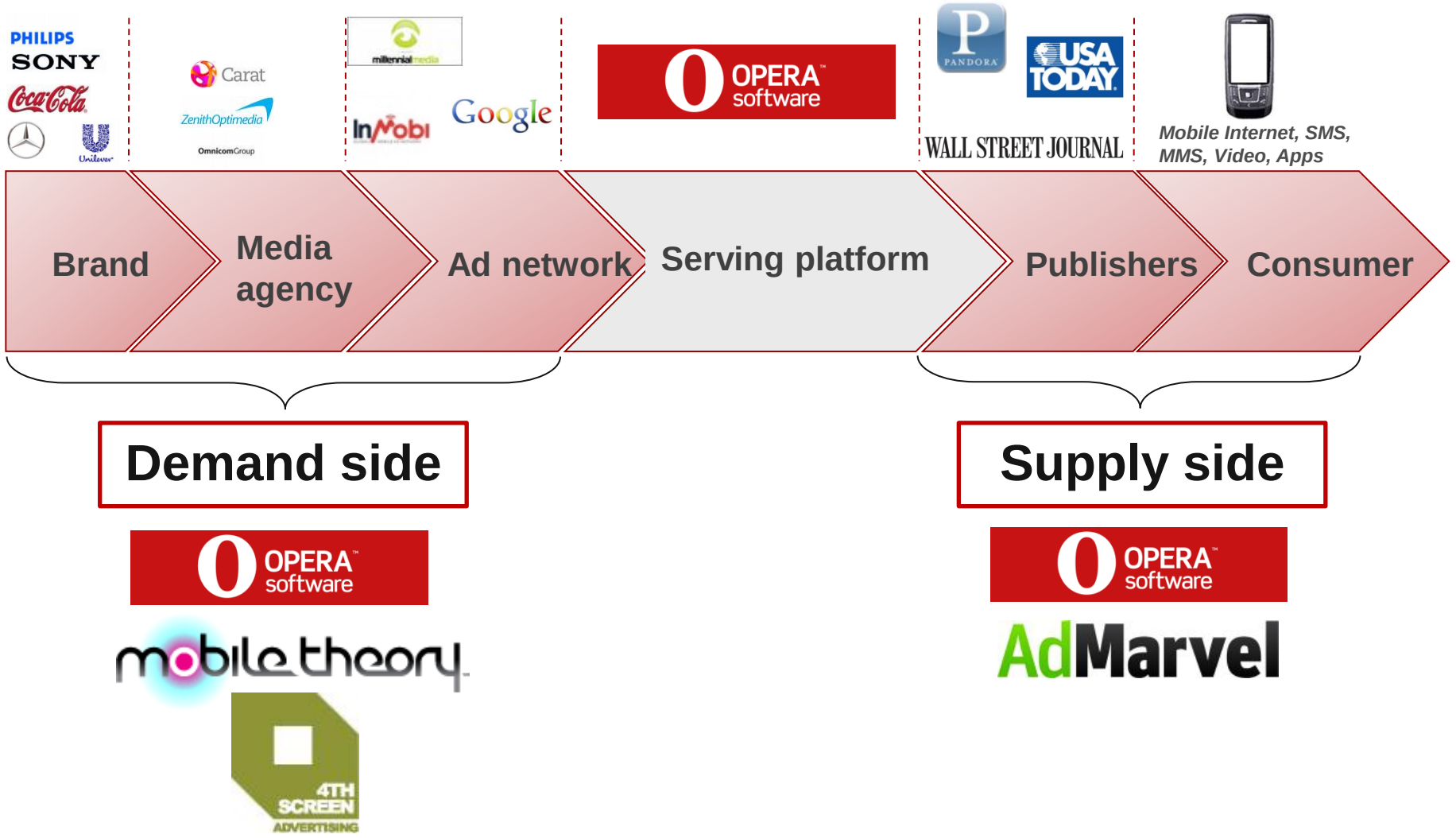
4TH SCREEN ADVERTISING

AdMarvel

mobile theory

OPERA software

Opera covers the full mobile advertising value chain



Leading publishers as customers

Leading agencies and brands as customers

Monetization areas 2012

Mobile search
Payment enablement
New homepage
Mobile Store

Mobile Search

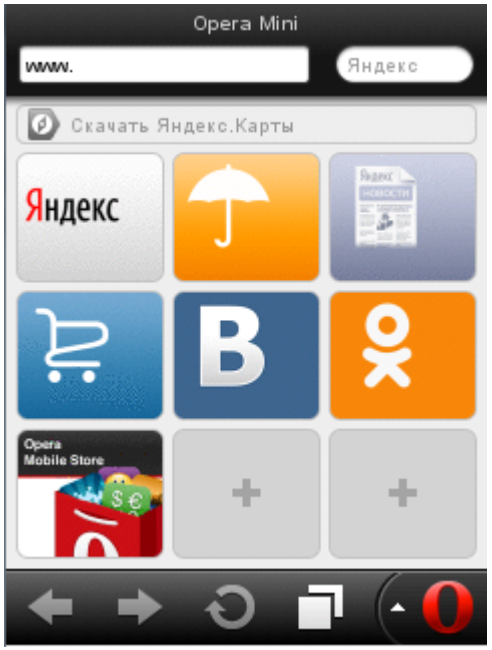
Ramping up

Activities for joint campaigns in emerging markets

Opera is key to Google's push in emerging markets

Google promotes Opera

Google is our main search partner for mobile



Partnership

for mobile was established in 2011 and looks promising moving forward

Yandex is the main Search partner for CIS

Payment enablement

OPX launched

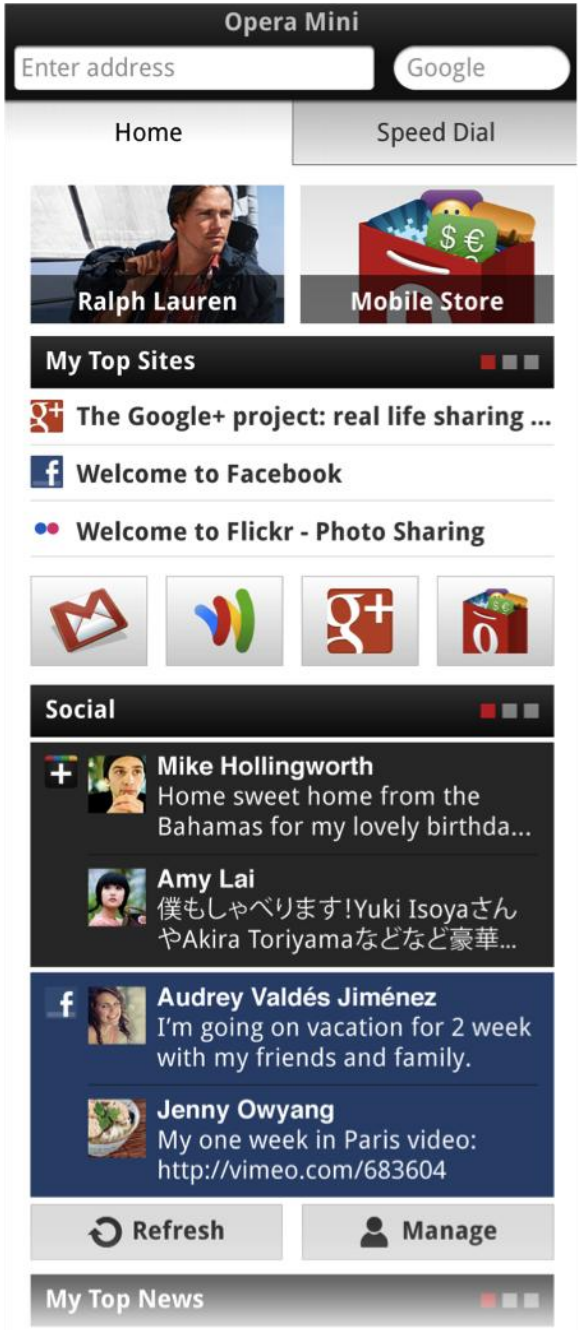
at Mobile World Congress

OPX is enabling a payment eco-system around Opera Mini

Homepage

Opera Mini 7

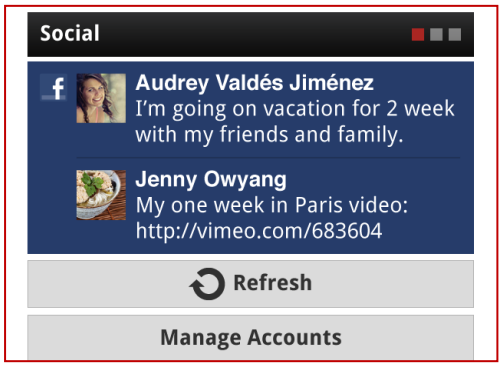
Introduced the Start Screen with Smart Page and Speed Dials



Key Features

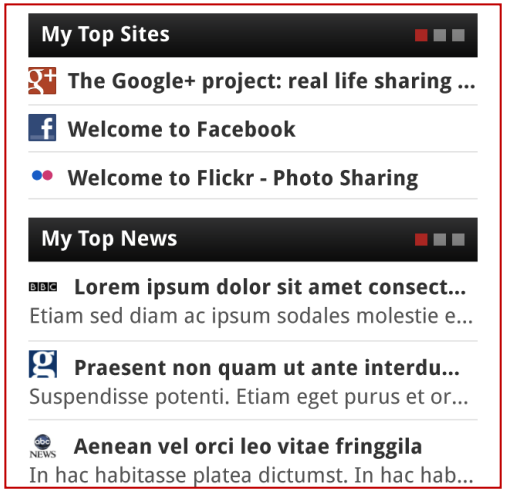
Better co-branding

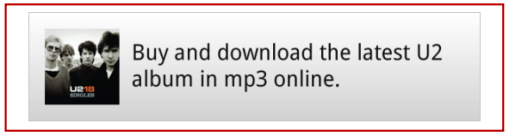
Social network aggregation



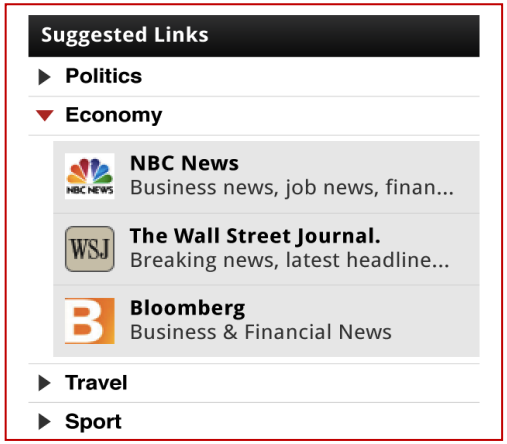
Advertising/promotions

Adapting to the users preferred sites





Site suggestions



Mobile Store

Opera Mobile Store enables search & discovery channels for driving user engagement and downloads

Opera browser prominent speed dial

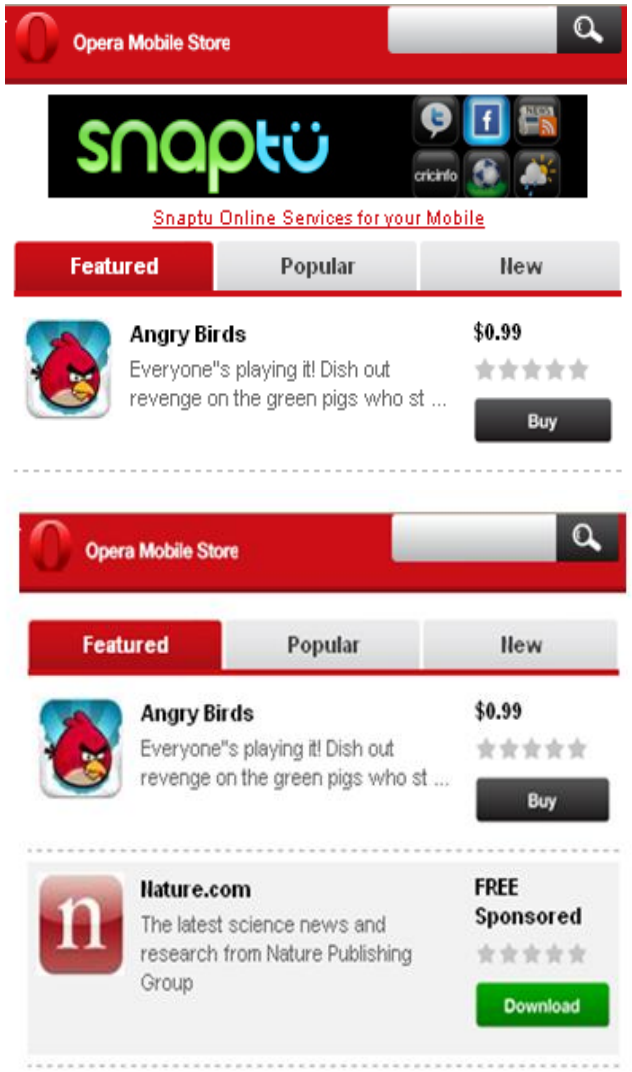
Can be customized to highlight the brand of exclusive or in-demand apps (e.g. Angry Birds theme)

Exclusive/premium offer banners

Graphic banner header at top of storefront

Pay Per Download (PPD) campaigns

Performance based ad campaigns with auction pricing model – developers bid for placement



OPERA software

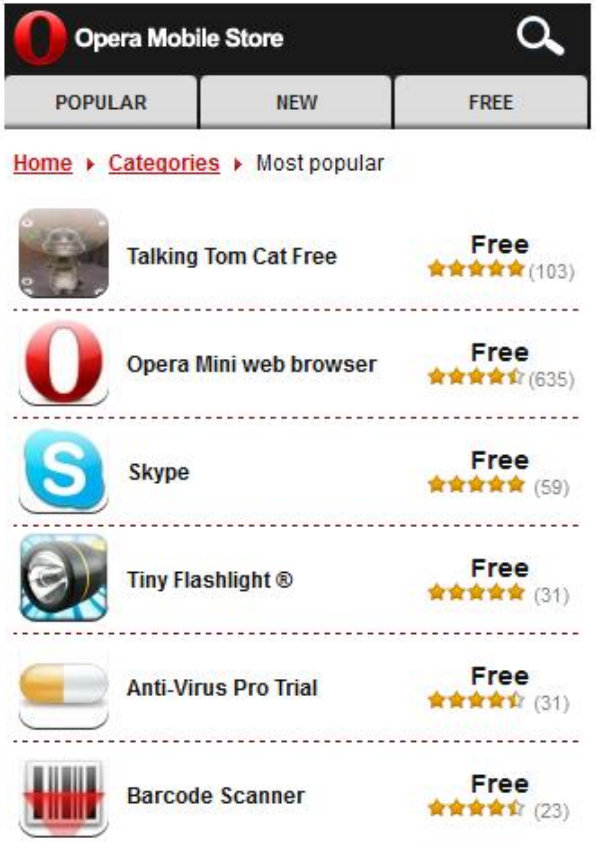
Opera Mobile Store consumer reach

25+
Million Monthly App Store Visits

4.5
Pageviews Per Visit

120+
Million Page Views Per Month

45+
Million Downloads Per Month



OPERA software

Q&A

OPERA software