



**Opera Software: Third quarter 2011**

# 3Q 2011 Financial highlights

	Financial metric	3Q11 Status report (MNOK)	3Q10 (MNOK)
Revenue	Total revenue	222.1	178.3
Profitability	Adj. EBITDA*/**	76.2	45.8
	EBIT**	62.3	34.8

- Record revenue and profitability
- Strong revenue growth from operators, Mobile Consumers & Publishers and Desktop
- Continuing to see a shift in revenue mix towards license revenue
- FX changes impacted revenue negatively by about MNOK 9 and EBIT/EBITDA negatively by about MNOK 4 compared to 3Q10

\*Non-IFRS EBITDA excludes stock option costs

\*\*Excluding one-off extraordinary costs of 6.2MNOK in 3Q11

# Highlights

## Operators

- Strong growth in operator Opera Mini users: 21.5 million in October 2011, vs. 7.5 million in October 2010, up 187%
- Strong operator platform for continued growth
  - Growth from existing customers like Telkomsel, AT&T, Vodafone, MTN and MTS
  - Vodafone launching Co-branded version of Opera Mini
  - Solid pipeline



## Mobile/Devices

- 140m users of Opera Mini in October
- Continue to build leading position in the TV/set-top box segment
  - Good pipeline and increasing volume from existing partners
- Launched Opera TV Store



## End users

- 220 million+ people using Opera browsers every month
- Launched Oupeng, Chinese Joint Venture
- Acquired Handster Inc., a leading mobile application store platform company
- Mobile consumer & Publisher revenue up 143%+ in 3Q11 vs. 3Q10





# **Financial** review

# A note from our lawyers

## DISCLAIMER:

This presentation contains, and is i.a. based on, forward-looking statements regarding Opera Software ASA and its subsidiaries. These statements are based on various assumptions made by Opera Software ASA, which are beyond its control and which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

Forward-looking statements may in some cases be identified by terminology such as “may”, “will”, “could”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. These forward looking statements are only predictions. Actual events or results may differ materially, and a number of factors may cause our actual results to differ materially from any such statement. Such factors include i.a. general market conditions, demand for our services, the continued attractiveness of our technology, unpredictable changes in regulations affecting our markets, market acceptance of new products and services and such other factors that may be relevant from time to time. Although we believe that the expectations and assumptions reflected in the statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievement.

Opera Software ASA makes no representation or warranty (express or implied) as to the correctness or completeness of the presentation, and neither Opera Software ASA nor any of its subsidiaries, directors or employees assumes any liability connected to the presentation and the statements made herein. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations. You are advised, however, to consult any further public disclosures made by us, such as filings made with the Oslo Stock Exchange or press releases.

This presentation is for information purposes in connection with the Opera Software ASA 3Q11 presentation only. This presentation is not an offer or invitation to sell or issue securities for sale in the United States, and does not constitute any solicitation for any offer to purchase or subscribe any securities. Securities may not be sold in the United States unless they are registered or are exempt from registration. Opera Software ASA does not intend to register any securities in the United States or to conduct a public offering in the United States. Any public offering of securities to be made in the United States would be made by means of a prospectus that will contain detailed information about Opera Software ASA and its management, as well as financial statements. Copies of this presentation should not be distributed in or sent into any jurisdiction where such distribution may be unlawful. The information in this presentation does not constitute an offer of securities for sale in Canada, Japan or Australia.

# Financial Highlights

	Financial metric	3Q11 Status report (MNOK)	3Q10 (MNOK)
Revenue	Total revenue	222.1	178.3
Profitability	Adj. EBITDA*/**	76.2	45.8
	EBIT**	62.3	34.8
Cash generation	Operating Cash Flow	68.2	-1.6
	Free Cash Flow***	45.5	-5.7

\*Non-IFRS EBITDA excludes stock option costs

\*\*Excluding one-off extraordinary costs of 6.2MNOK in 3Q11

\*\*\* Operating Cash Flow less capital expenditures

# 3Q11 Actuals versus Guidance

	3Q 2011 Actuals	3Q 2011 Midpoint Guidance* (August 24)	3Q 2011 Actuals at Guidance FX Rates (August 24)*
Revenue	MNOK 222.1	MNOK 222	MNOK 222.1
EBIT**	NOK 62.3	MNOK 52.5	MNOK 62.3

\*Provided at 2Q11 Presentation

\*\*Excluding one-off extraordinary costs of 6.2MNOK in 3Q11

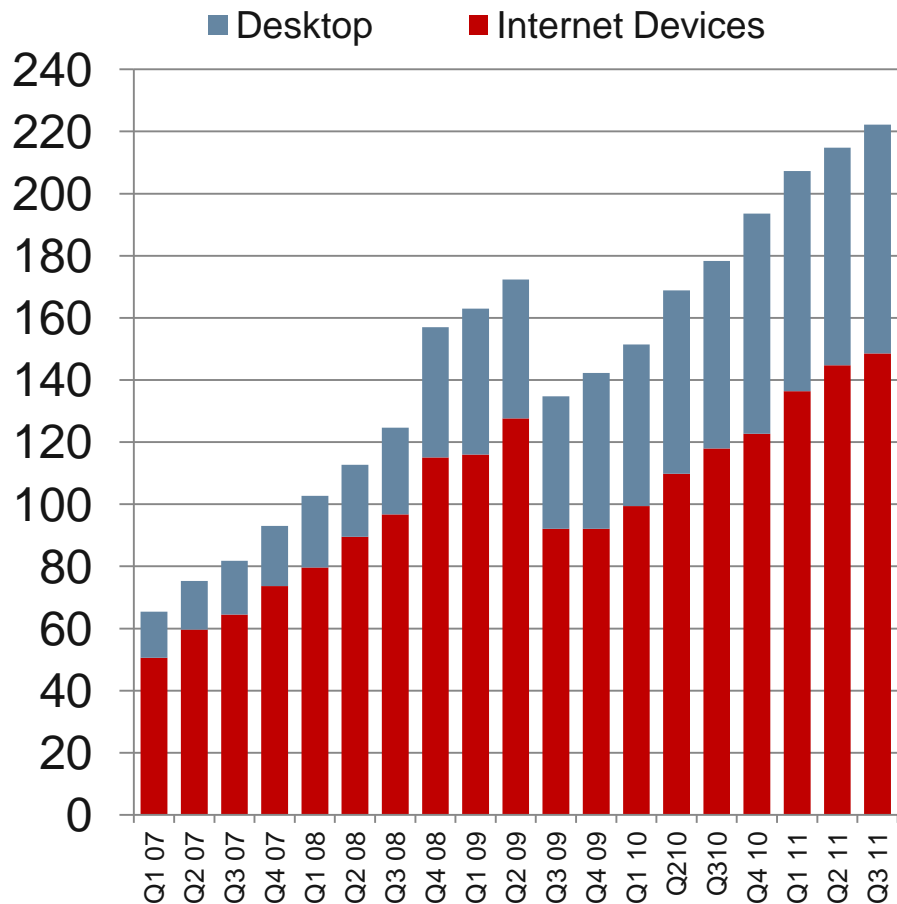
# 3Q11 Financial review

MNOK	3Q2011*	3Q2010	Q on Q		9M 2011*	9M 2010*	9M vs. 9M
Desktop +	73.6	60.3	22%		214.6	171.4	25%
Internet Devices +	148.6	118.0	26%		429.7	327.2	31%
Total revenue =	222.1	178.3	25%		644.7	498.7	29%
Payroll and related expenses -	99.2	94.5	5%		318.4	290.0	10%
Stock option costs -	4.7	5.1	-7%		13.5	13.3	1%
Depreciation and amortization -	9.2	5.9	55%		23.6	16.4	43%
Other operating expenses -	46.7	38.1	23%		140.6	110.0	28%
Total expenses =	159.8	143.6	11%		496.0	429.7	15%
EBIT	62.3	34.8	79%		148.2	69.0	115%
Net Income	55.9	20.2			106.0	44.6	
EPS (NOK)	0.47	0.17			0.89	0.37	

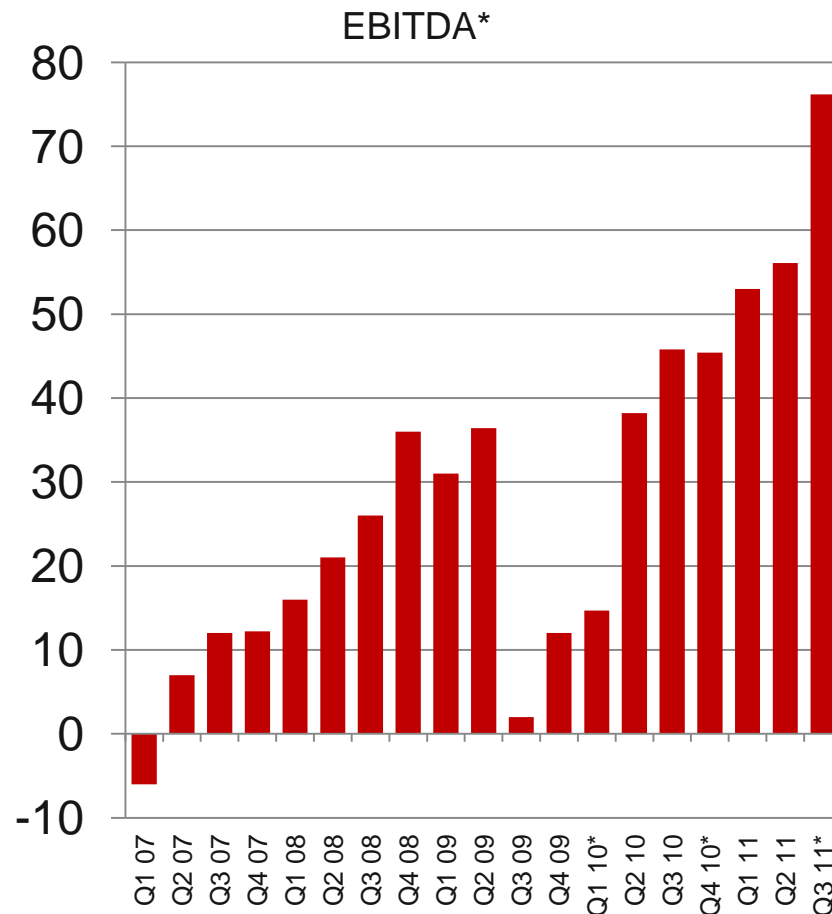
\* Excludes an extraordinary one-time charge of MNOK 29.1 in 1Q10 and MNOK 6.2 in 3Q11

# Financial highlights: 1Q07-3Q11

Operating revenues (NOK Million)



Adjusted EBITDA\* (NOK Million)



\* Non-IFRS EBITDA excludes stock option costs and an extraordinary one-time charge of MNOK 29.1 in 1Q10, MNOK 5.5 in 4Q10 and MNOK 6.2 in 3Q11

# Revenue growth drivers

Operators: Users and Usage

Desktop: Users and Usage

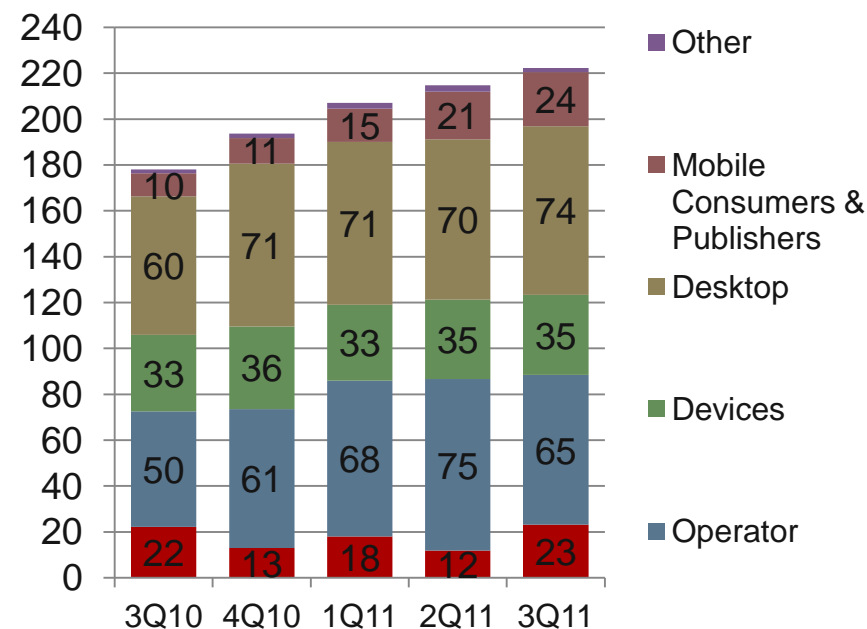
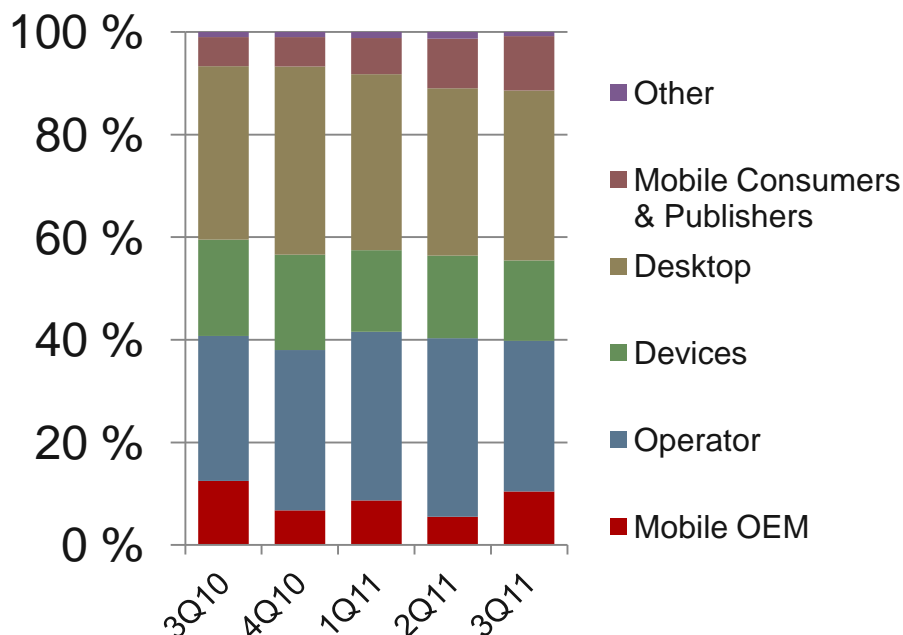
Mobile Consumers and Publishers:  
Users and Usage

Device OEMs: ConnectedTVs

# Revenue: Customer type (3Q11)

## Overall revenue as expected

Customer Type	
Operator	As expected vs. guidance
Desktop	Slightly better than expected on strong local affiliate and search revenue
Device OEM	Slightly lower than expected on lower development revenue
Mobile OEM	As expected vs. guidance
Mobile Consumers & Publishers	Slightly better than expected on solid AdMarvel and Consumer Mobile revenue



# Revenue: Operators (3Q11)

## Operator Revenue in line with expectations

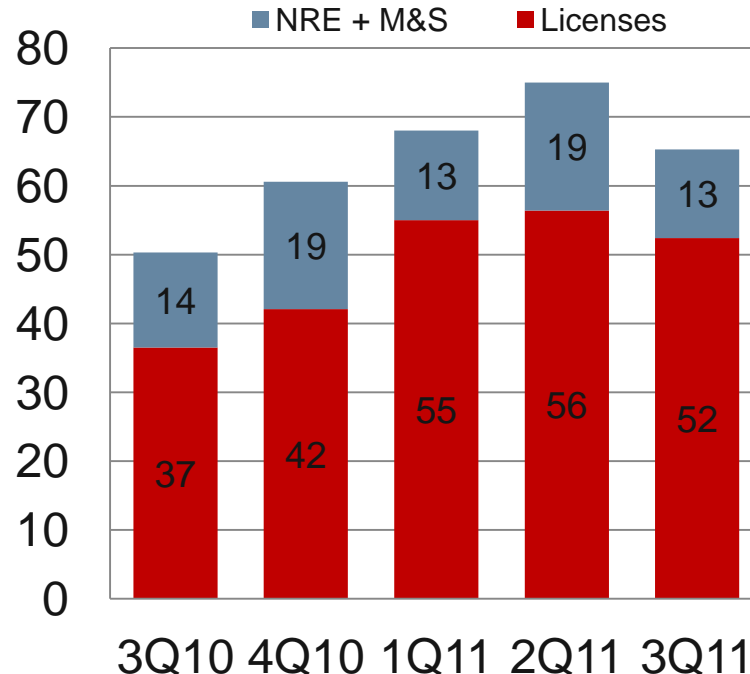
194% Operator Opera Mini user growth September 2011 vs. September 2010

User growth driven by Telkomsel, AT&T and MTS in particular

ARPU as expected

Overall revenue growth: Up 30% versus 3Q10 and down as expected vs. 2Q11 with strong user growth offset by lower customized Opera Mobile license and NRE/M&S revenue

MNOK Operator Revenue total\*



Note: Opera Mobile shipments were 0.5 mm in 3Q11 from Operators

\* Unaudited

# Revenue: Mobile Consumers & Publishers (3Q11)

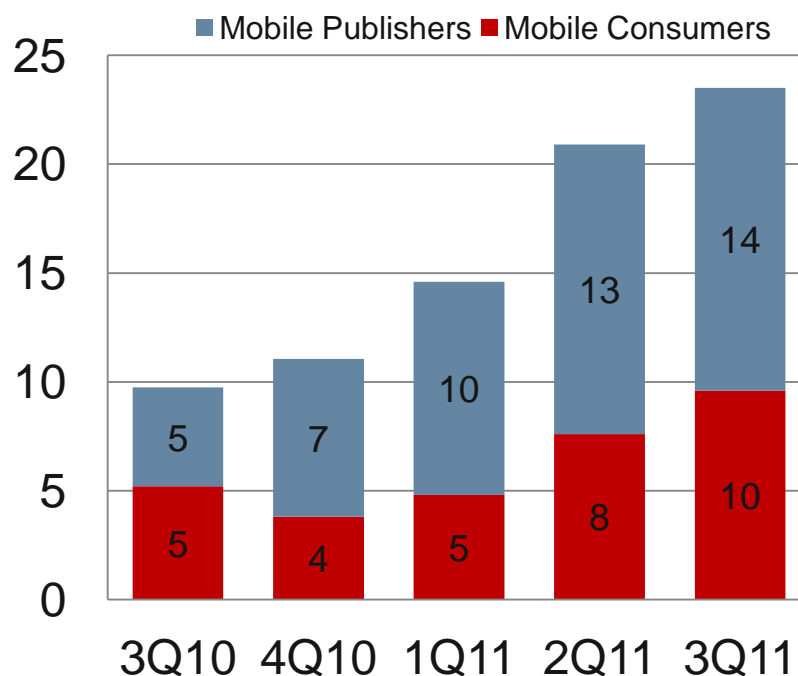
**Mobile Consumers & Publishers revenue slightly better than expected on solid AdMarvel and Consumer Mobile revenue**

Revenue growth driven by AdMarvel and the Opera Mobile Store vs. 3Q10

AdMarvel managed 56B+ ad impressions in 3Q11, up 169% vs. 3Q10

Overall revenue growth: 143% versus 3Q10 and up more than as expected vs. 2Q11

**MNOK Mobile Consumer & Publishers  
total\***



\* Unaudited

# Revenue: Device OEMs (3Q11)

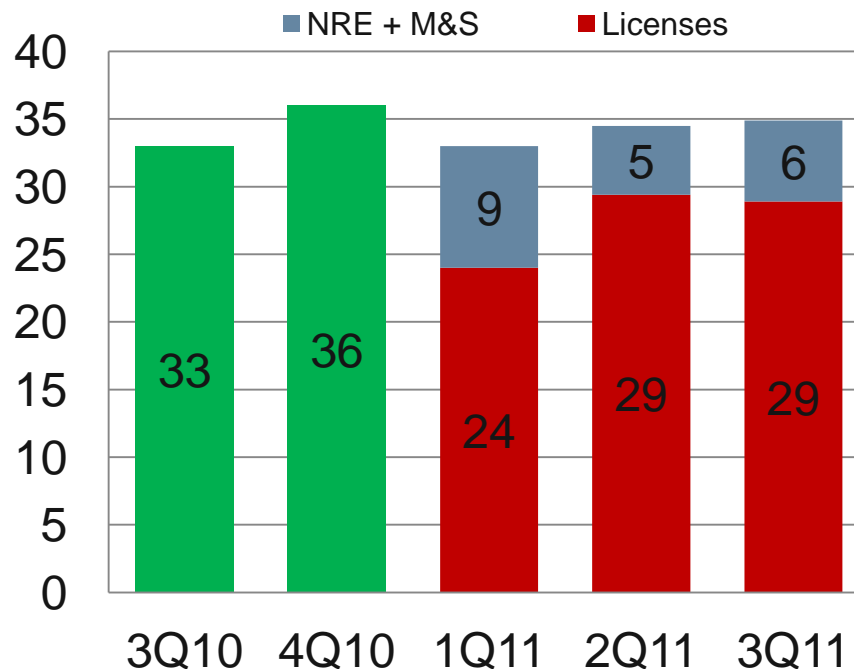
**Device OEM revenue slightly lower than expected on lower development revenue**

Revenue driven by Connected TV customers

License revenue: 80%+ of revenue

Overall revenue growth: 5% versus 3Q10 and up slightly less than expected vs. 2Q11 on lower NRE and M&S

**MNOK Device OEM revenue\***



\* Unaudited

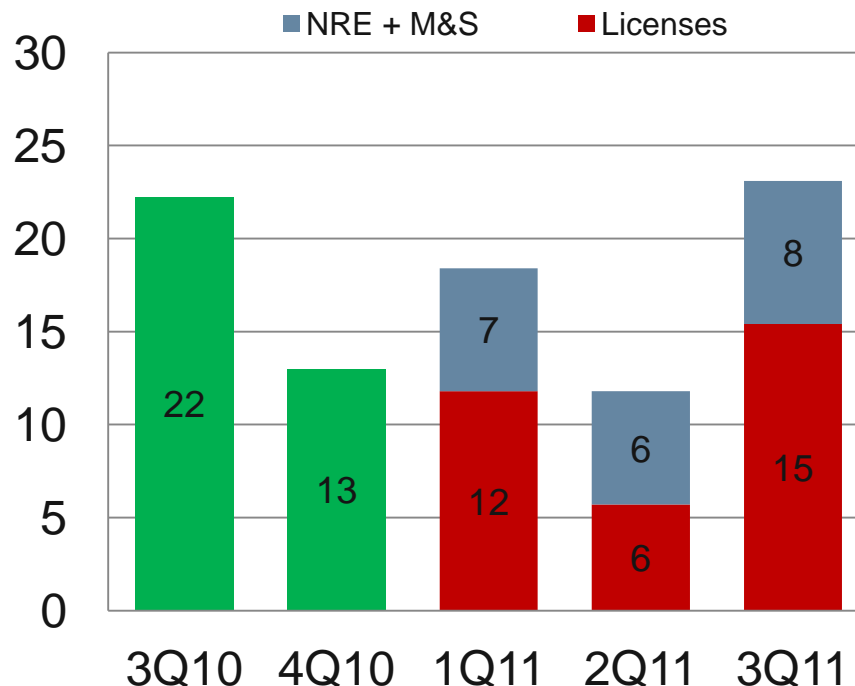
# Revenue: Mobile OEMs (3Q11)

## Mobile OEM revenue in line with expectations

License revenue: 65+% of revenue

Overall revenue growth: up 3% versus 3Q10 and up as expected vs. 2Q11 due to historically contracted pre-paid shipment commitments

MNOK Mobile OEM revenue\*



Opera Mobile shipments were 1.4 mm in 3Q11 from Mobile OEMs

\* Unaudited

# Revenue type: Internet Devices (3Q11)

Revenue type	Comment
NRE	Down as expected vs. 3Q10 and 2Q11
M&S	In line with expectations vs. 3Q10 and 2Q11
Total Opera Mini	Opera Mini revenue as expected vs. 2Q11 and up vs. 3Q10, with solid growth in license revenue from operators

Revenue type*	3Q10 (MNOK)	4Q10 (MNOK)	1Q11 (MNOK)	2Q11 (MNOK)	3Q11 (MNOK)	3Q11 vs. 3Q10
NRE	19	18	20	21	16	- 16%
M&S	10	13	9	10	10	+2%
Total Opera Mini**	40	48	60	63	63	+ 58%

\* Unaudited

\*\* Includes all revenue from all revenue types from all versions of Opera Mini (Operator branded, Operator-Opera co-branded, and Opera branded).

# Revenue: Desktop (3Q11)

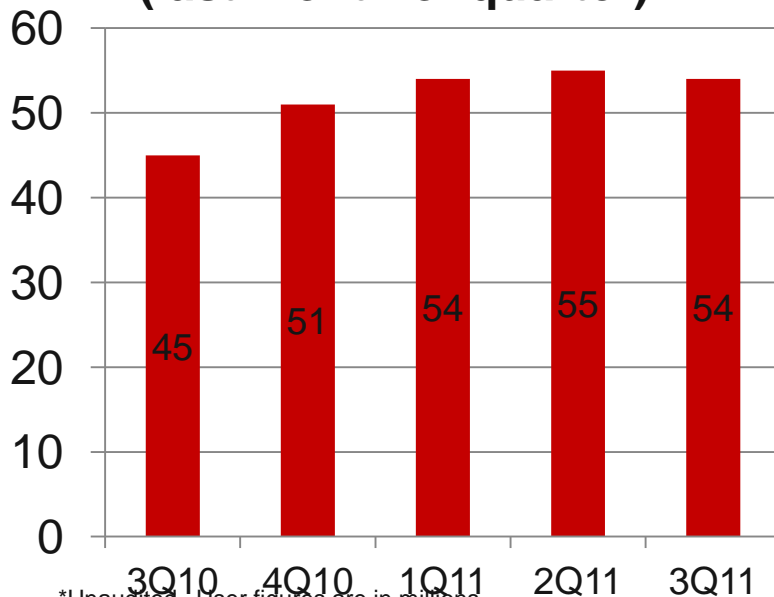
**Desktop revenue slightly better than expected on strong local affiliate and search revenue**

Desktop user growth 20% versus end of 3Q10

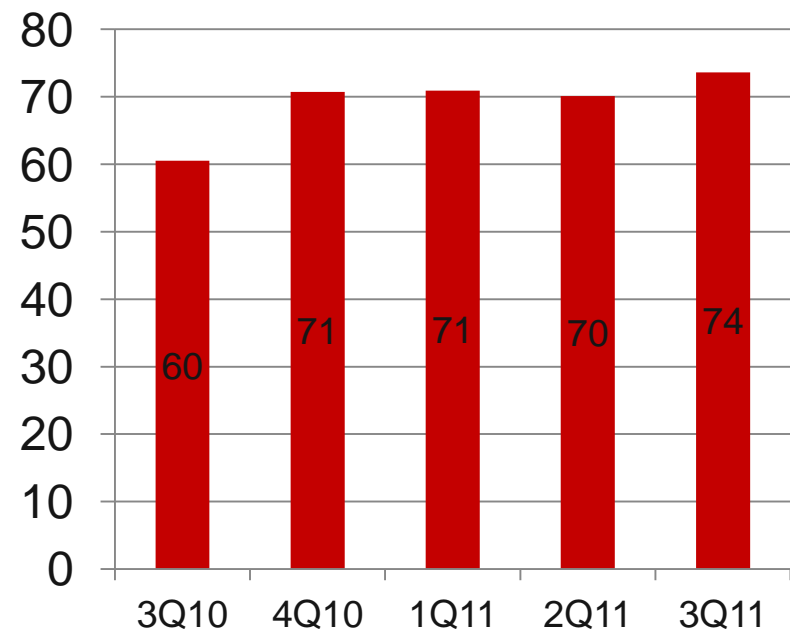
Strong ARPU in USD (~7% negative FX impact)

Overall revenue growth: 22% versus 3Q10 and slightly better than expected versus 2Q11

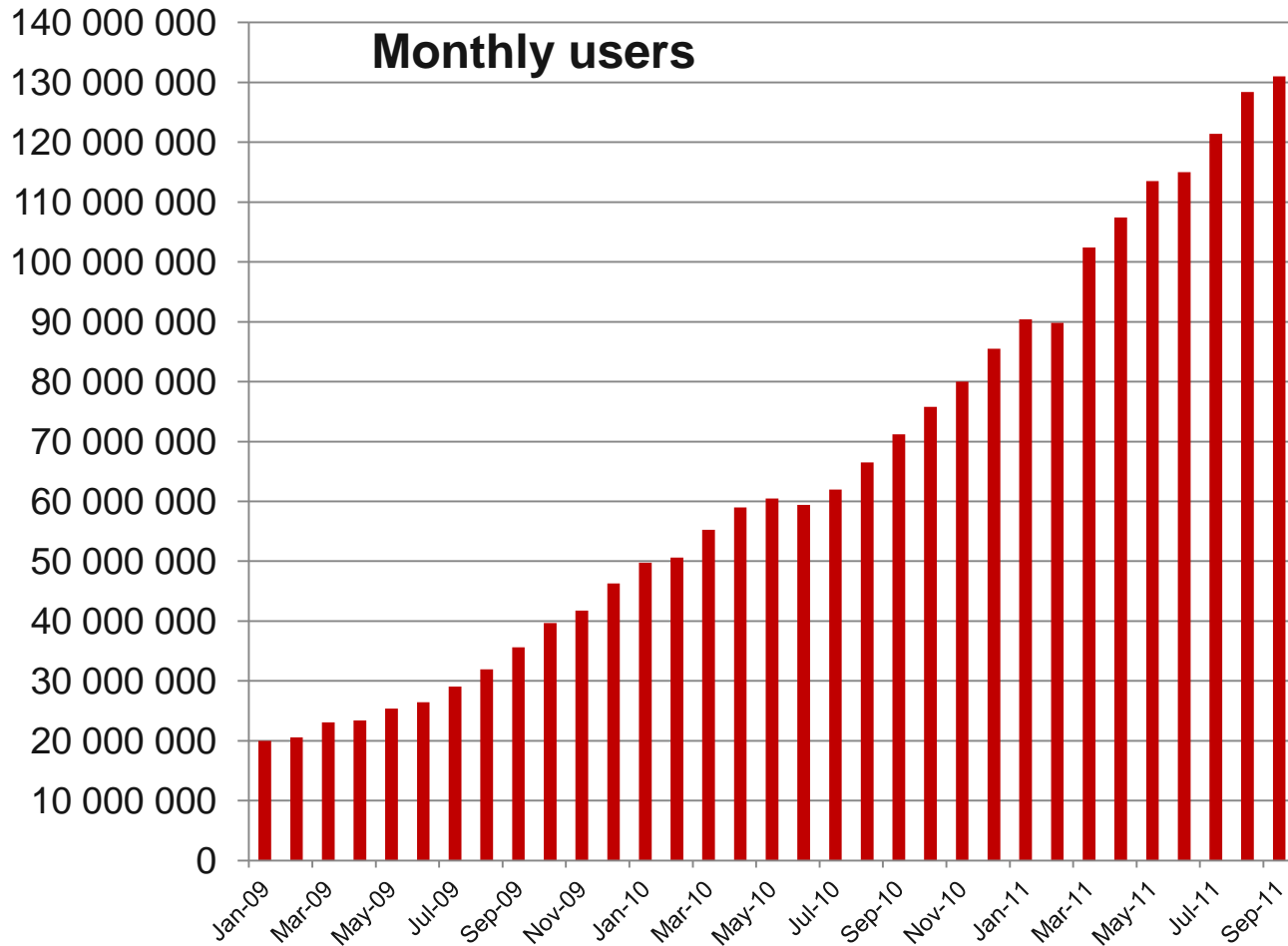
**Monthly Desktop users\*  
(last month of quarter)**



**Desktop revenue\* (MNOK)**



# Revenue: Opera-branded Opera Mini (3Q11)



- Growth continuing
- High focus on converting users to operator-branded or co-branded revenue generating users
- High priority of new Consumer Mobile team: Increase ARPU on 100% Opera-branded users

# Key user metrics FY2010 - 2011YTD

Metric	January 2010	April 2010	July 2010	October 2010	January 2011	April 2011	July 2011	October 2011
Operator Opera Mini users	2.1* Million	3.5* Million	5.2* Million	7.5* Million	11.5* Million	15.0* Million	16.8* Million	21.5* Million
Opera-branded Opera Mini users	50** Million	59** Million	62** Million	75** Million	90** Million	106** Million	122** Million	140** Million
Desktop	43 Million	47 Million	44 Million	48 Million	53 Million	55 Million	54 Million	56 Million

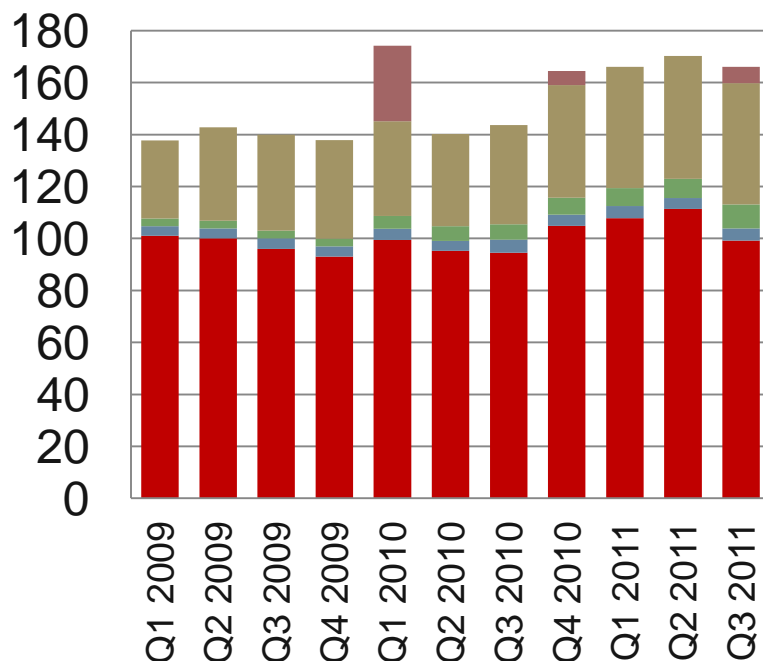
\*Operator-branded + Opera/Operator co-branded agreements. Unaudited.

\*\*Includes the co-branded operator users. Unaudited.

# OPEX development

OPEX (NOK Million)

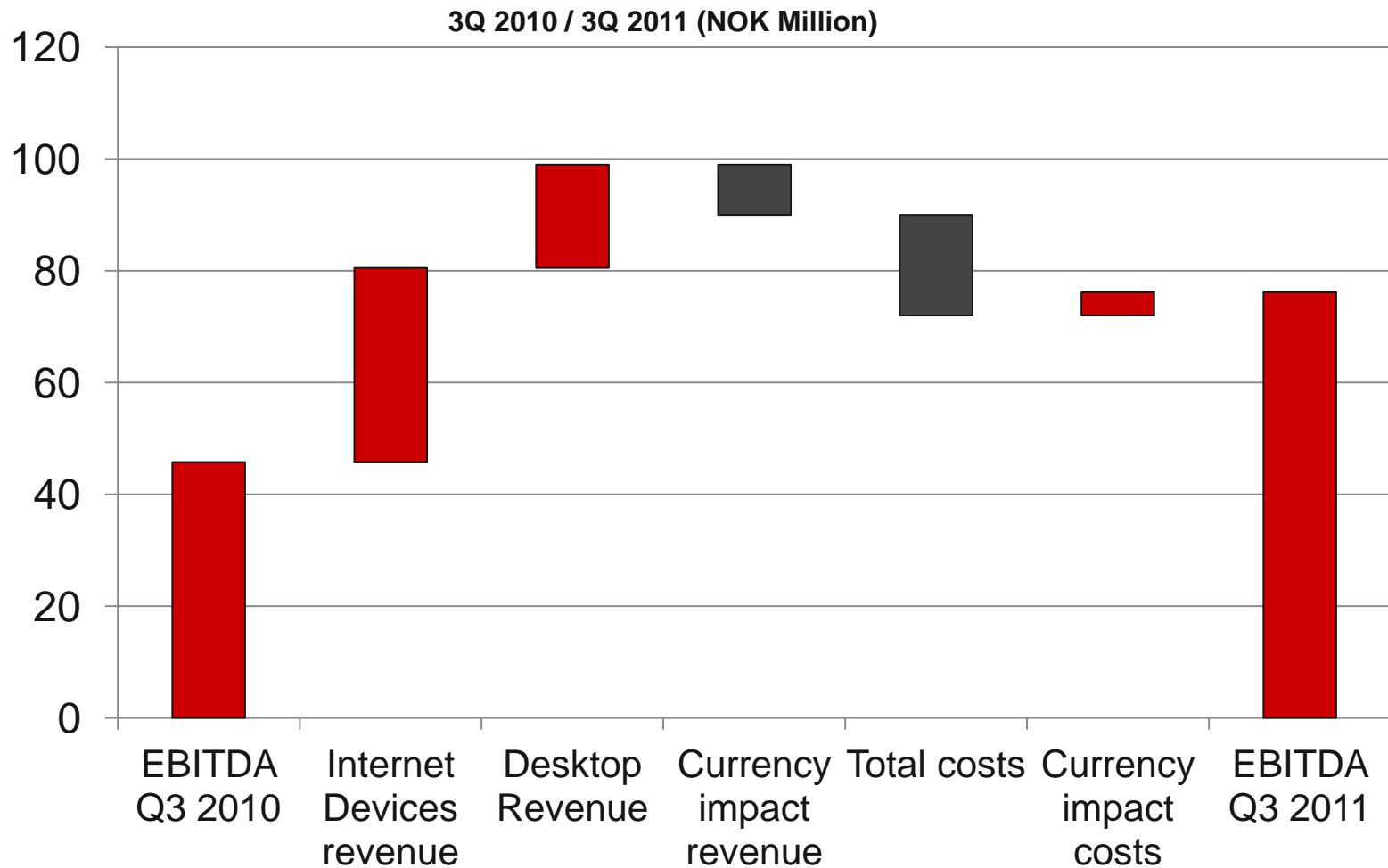
- One time extraordinary cost
- Other OPEX
- Depreciation
- Stock Options
- Payroll



\* Unaudited. Also includes relevant depreciation.

Cost line	3Q11 vs. 3Q10	Comments
Payroll	5%	•Higher compensation expense per employee and overall headcount growth.
Stock options	-7%	•Fewer outstanding options
Depreciation & Amortization	55%	<ul style="list-style-type: none"> <li>•Investments in Opera Mini server infrastructure</li> <li>•Implementation of shorter depreciation period for servers, effective 3Q11</li> </ul>
Other OPEX	23%	<ul style="list-style-type: none"> <li>•Higher server hosting, travel and marketing costs.</li> <li>•Hosting costs* key driver (total of MNOK 15.5 in 3Q11 versus MNOK 11.4 in 3Q10)</li> </ul>
One time extraordinary cost	N/A	•Related primarily to severance agreements and costs associated with a change in the Company's hosting strategy
Total Expenses	11%	• Generally good cost control

# Adjusted EBITDA\* development



\*Non-IFRS Adjusted EBITDA excludes stock option costs and one-time costs.

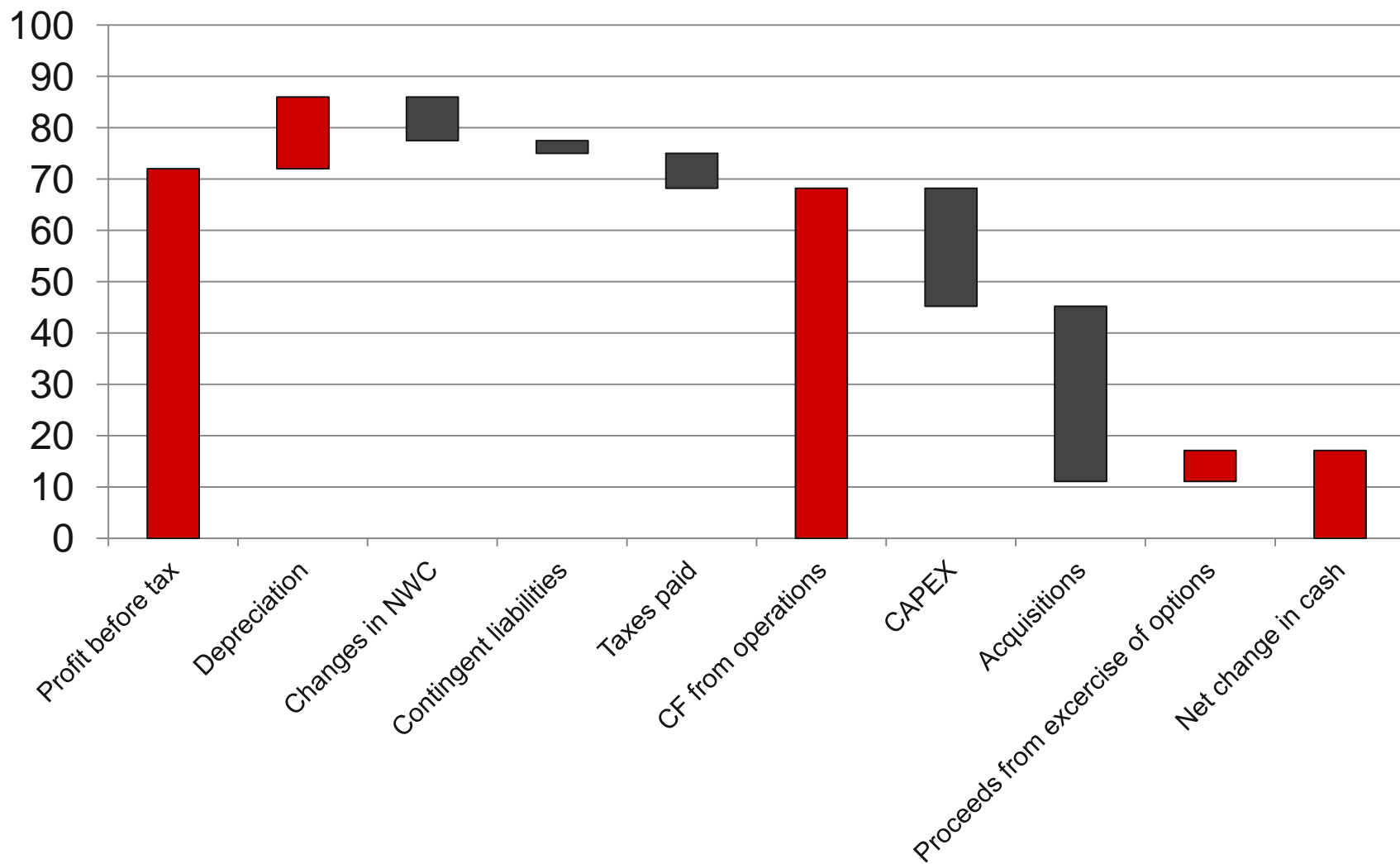
# Strong capital structure

## Balance sheet highlights:

Metric	3Q11 (MNOK)	3Q10 (MNOK)
Cash	471	509
Interest-bearing debt	0	0
NWC*	7	-61
Equity	701	629

\* NWC is defined as total current assets excluding cash and cash equivalents minus total current liabilities excluding provisions.

# Cash flow 3Q11 (MNOK)



# 3Q11 Key KPIs: Summary

Metric	3Q11	3Q10	Change %
Revenue (MNOK)	222.1	178.6	25%
EBIT (MNOK)****	62.3	34.8	79%
Adjusted EBITDA (MNOK)****	76.2	45.8	66%
Adjusted EBITDA Margin**	34.3%	25.6%	34%
Operating Cash Flow (MNOK)	68.2	-1.6	N/A
Free Cash Flow (MNOK)	45.5	-5.7	N/A
Opera Mini Operator users (mill)*	19.7	6.7	194%
Total Opera Mini revenue (MNOK)***	63	40	58%
Desktop users (mill)*	54	45	20%
Opera Mini B2C users (mill)*	131	71	84%

\*September 10/September 11,

\*\* Non-IFRS EBITDA, excluding stock option costs and extraordinary one-time costs

\*\*\* Includes all revenue from all revenue types from all versions of Opera Mini (Operator branded, Operator-Opera co-branded, and Opera branded).

\*\*\*\*Excludes extraordinary one-time costs

# 4Q11 Guidance

Metric	Current 4Q 2011 Guidance	Prior 4Q 2011 Guidance (August 24 <sup>th</sup> )	Current 4Q 2011 Guidance (USD)
Revenue*	MNOK 236-246	MNOK 231-241	MUSD ~43-45
EBIT**	MNOK 56-64	MNOK 45-50	MUSD ~10-12

\* Assumes currency remainder of 2011 (NOK 5.5 /USD, NOK 7.9/EUR)

\*\* Earnings before interest and taxes, exclude extraordinary/one-time charges and acquisition costs.

# 4Q11 Guidance

		Vs. 3Q11	Comments
Revenue*	Operators	Flat	Opera Mini active user and revenue growth, offset by falling customized Opera Mobile revenue
	Desktop	Up	Seasonally stronger 4Q
	Device OEMs	Up	Much higher due to connected TV customer pre-paid commitments
	Mobile OEMs	Down	Down to more normalized level
	Mobile Consumers & Publishers	Up	Seasonally stronger 4Q
Expenses	Payroll	Up	Net hires and much less "vacation effect" compared to 3Q11 ("vacation effect" of MNOK 9 in 3Q11)
	Stock option costs	Up	Due to issuance of new options
	Depreciation	Up	Continued investments in Opera Mini server hosting infrastructure
	Other Opex	Up	Primarily due to server hosting, travel and much higher marketing costs

\*Assumes currency remainder of 2011 (NOK 5.5 /USD, NOK 7.9/EUR)

# 2011 Guidance

Metric	Current 2011 Guidance	Prior 2011 Guidance (August 24 <sup>th</sup> )	Current 2011 Guidance USD***
Revenue*	MNOK 880-890	MNOK 870-890	MUSD ~160-162
EBIT**	MNOK 204-212	MNOK 180-190	

\* Assumes currency remainder of 2011 (NOK 5.5 /USD, NOK 7.9/EUR).

\*\* Earnings before interest and taxes, exclude extraordinary/one-time charges and acquisition costs

\*\*\* Assumes NOK/USD exchange rates: 1Q11: 5.57 , 2Q11: 5.35, 3Q11: 5.62 and 4Q11: 5.50

# Moving to USD reporting

## Opera will move to USD reporting from 1Q12

Opera has >50% of revenues in USD and no revenue in NOK

Reduces FX volatility on topline as well as to eps

In-line with other global tech companies

Opera will provide 4Q11 guidance in USD & NOK

Opera converts 2013 aspirations to USD based on FX rates already assumed (NOK 5.5 /USD, NOK 7.9/EUR)

## 2013 Aspirations:

	2013 MNOK	2013 MUSD
Revenue	1350-1600	245-290
Adj. EBITDA**	31-35%	31-35%

\* Assumes currency remainder of 2011 (NOK 5.5 /USD, NOK 7.9/EUR)

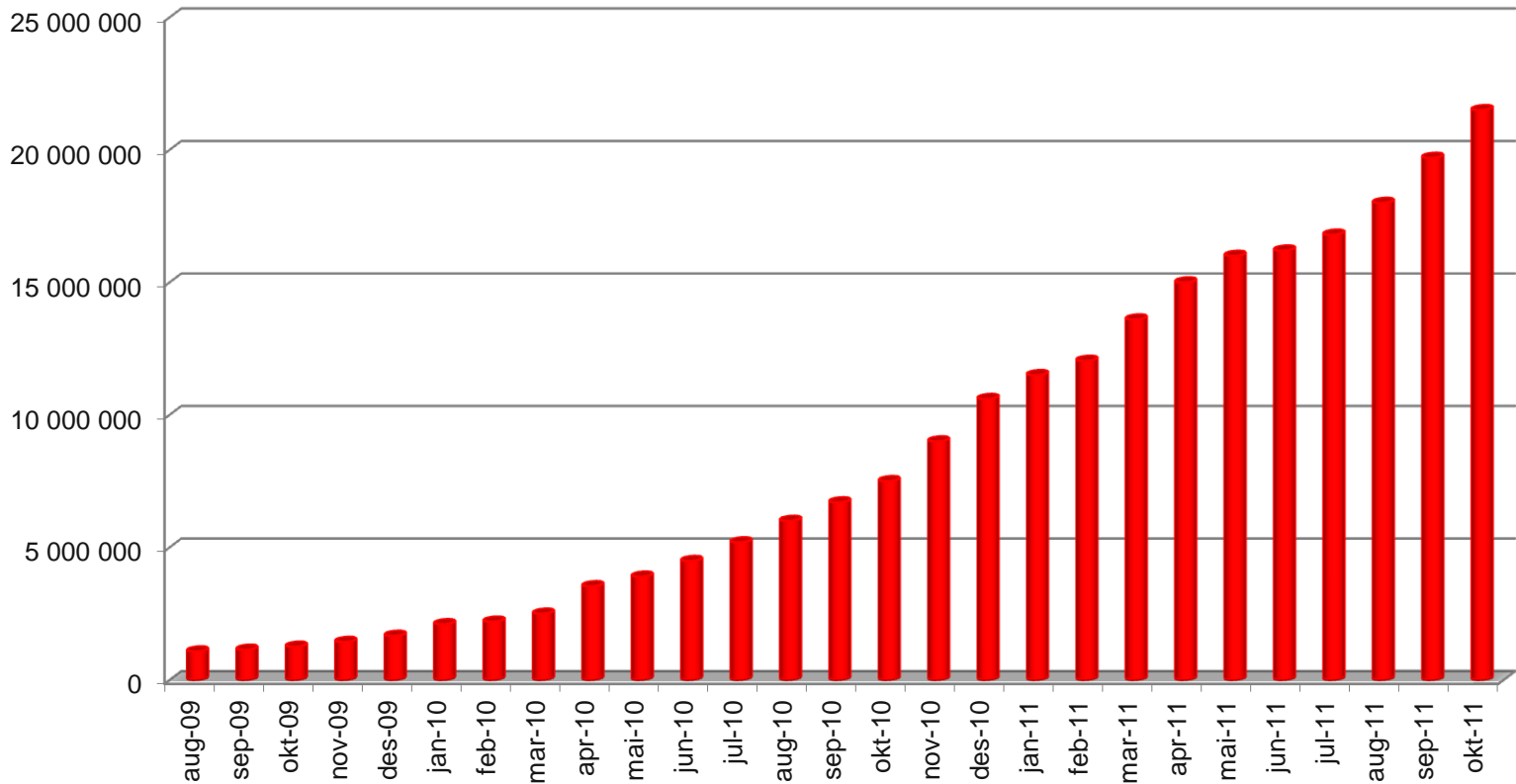
\*\*\*Non-IFRS Adjusted EBITDA excludes stock option costs and one-time costs.



# **Operations** update

# 21.5 million operator Opera Mini users

Monthly Operator users



**Operators choose Opera because they can build a very large and active user base quickly**

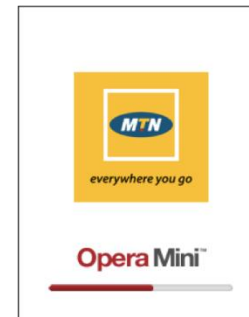
# Existing partners rolling out



# MTN Cobranded Opera Mini - roll out plan

September	October	November	December
Nigeria		Syria	Guinea Bissau
Cameroon		Cyprus	Guinea Conakry
Rwanda		Yemen	Liberia
		Afghanistan	Congo
	Botswana		Swaziland
	Sudan		
	Ghana	Benin	
	Ivory Coast		
Uganda		Iran	
Zambia			

- Launch MTN Co-branded Opera Mini in all 21 MTN markets across Africa (South Africa already launched)
- Standard Co-branded delivery (branding, speed dials, server integration)



# Local partner marketing activities: Example – Smart Philippines

TV advertising  
Bilboards  
Social media campaign  
Radio spots  
Events



still on slow and expensive mobile internet?  
then get on the fast lane  
of mobile surfing!

Opera Mini

the fast and affordable mobile internet duo.

ALWAYS ON + Opera Mini™

pay as low as  
P10 per day

loads webpages faster  
by as much as 90%.

the winning mobile internet experience!

SMART

WIN A MINI  
RAFFLE PROMO

get a chance to drive home a mini cooper  
with smart always on and opera mini  
visit [smart.com.ph/winamini](http://smart.com.ph/winamini) for more details  
Promo runs until XXXX. Per DTI-NCR Permit No. XXXX, Series of 2011.

JOIN  
**WIN A MINI**  
RAFFLE PROMO

Follow the map to drive your way  
to the MINI Cooper grand prize!

**START**  
Opera Mini

**LAP 1**  
Rer up your mobile phone and go to  
[smart.com.ph/winamini](http://smart.com.ph/winamini) to download and install  
Opera Mini.

**LAP 2**  
Launch Opera Mini. Click on the "Win-A-Mini"  
bookmark on the Opera's interface.

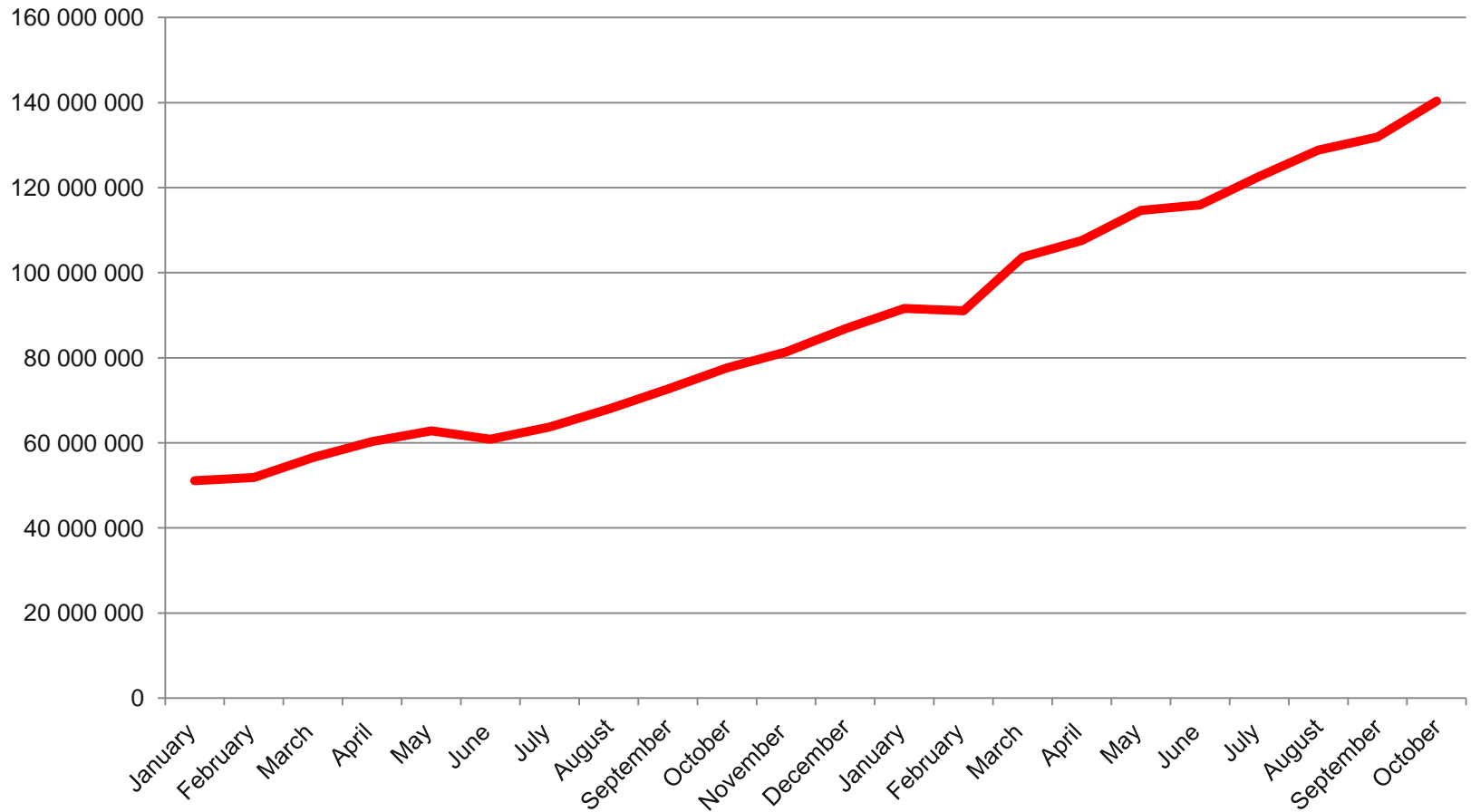
**LAP 3**  
Click on the win a mini speed dial button to enter and  
register to the promo page.

**LAP 4**  
Choose any Always ON plan to complete the  
registration. The higher the plan, the more  
points you earn.

Stay tuned for announcements  
about the new MINI Cooper owner!

# Good user growth for Opera Mini

## Active users



From 6 countries in June 2010 to:

**20**

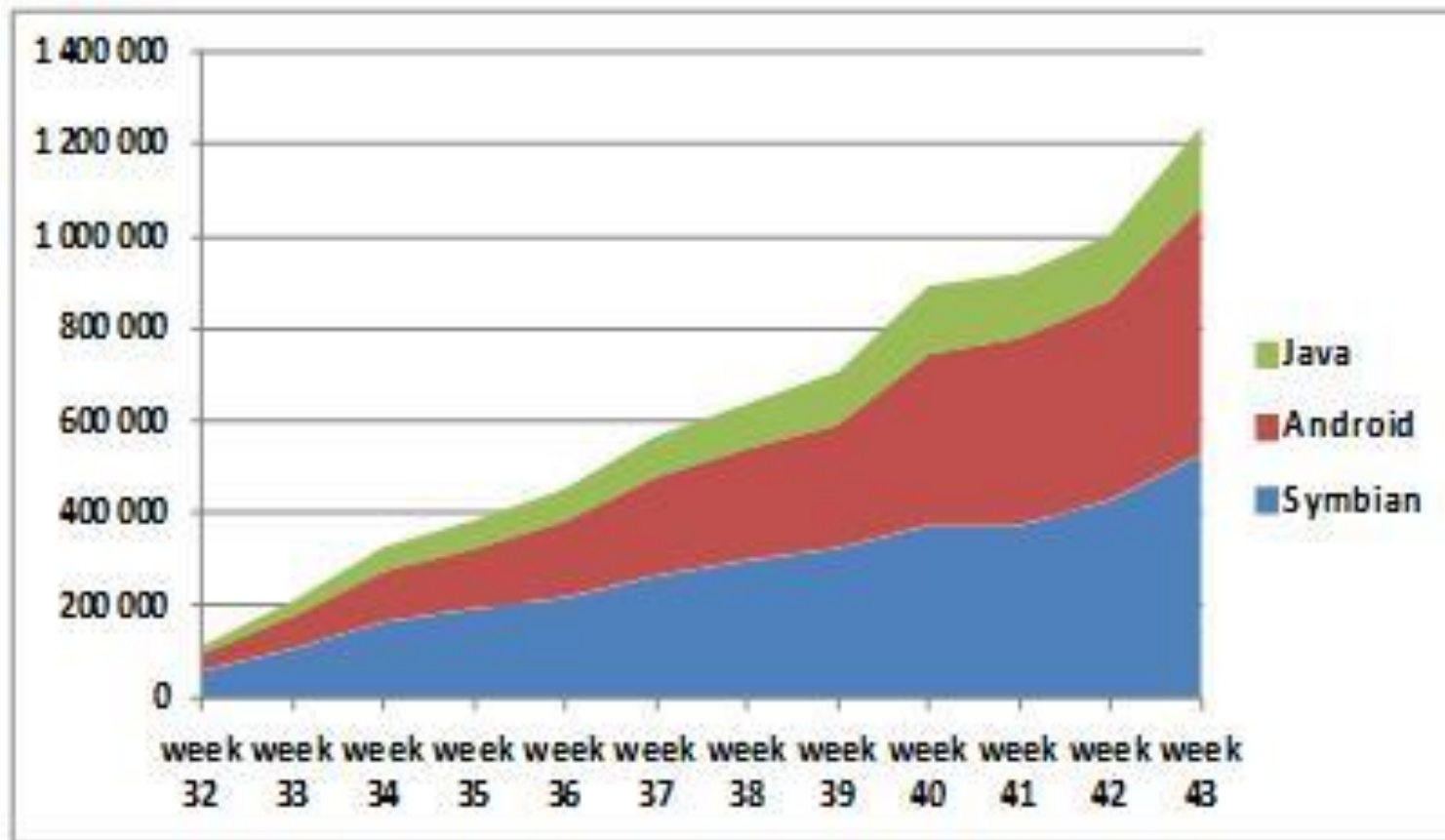
**Countries with more than**

**1M**

**Opera Mini users  
in October**

# Oupeng roll-out in China

- Solid user growth, first 1.4M users reached in October
- 40%+ Android users

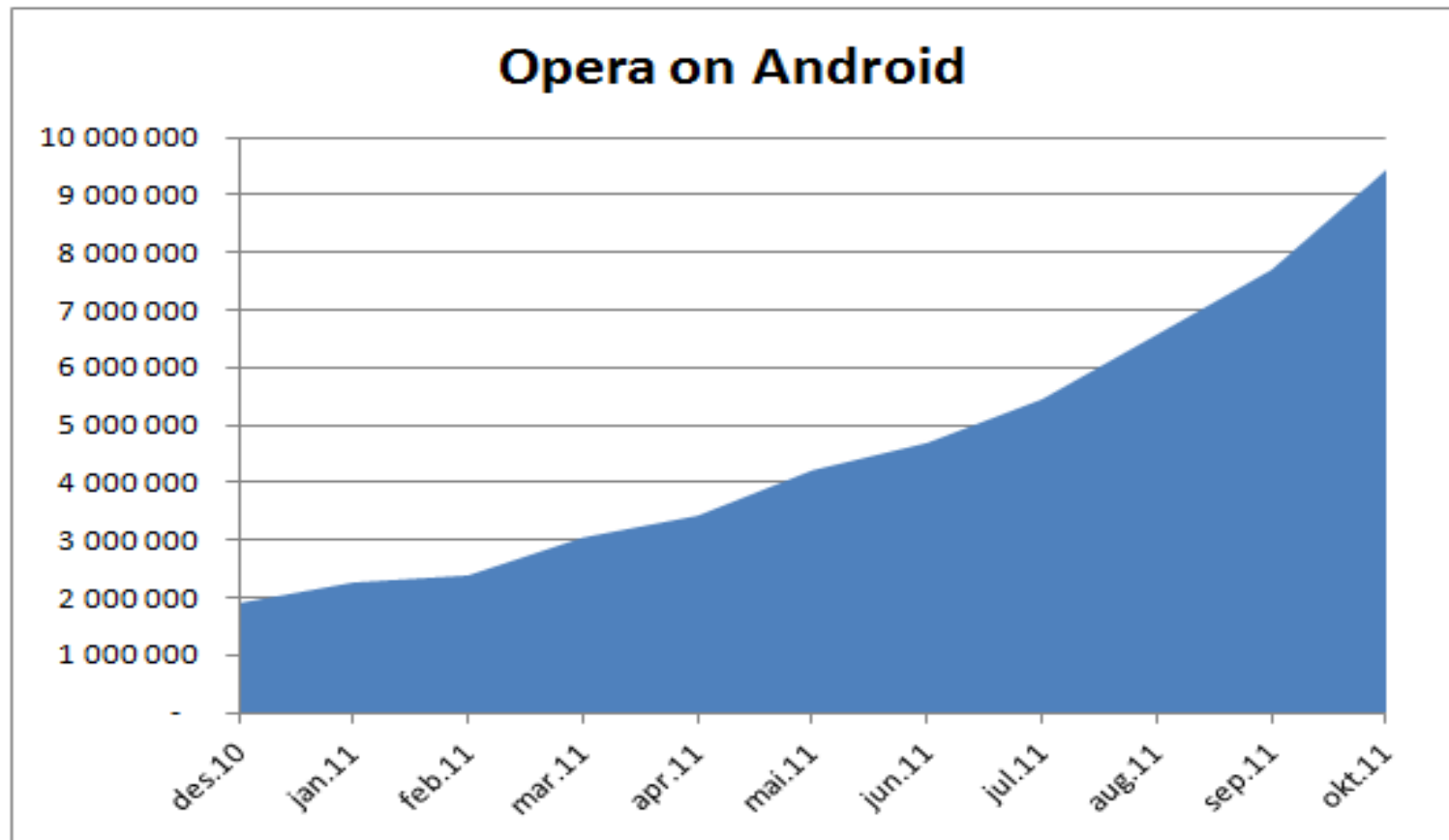


# Oupeng - Most popular features

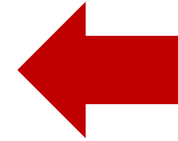
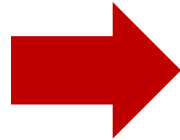
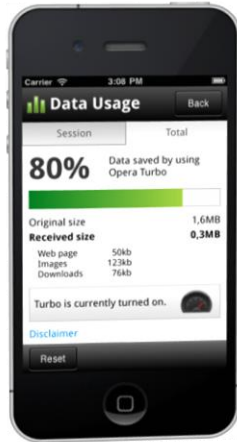
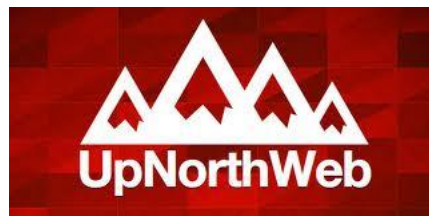
- Microblogging service tailored for the Chinese market
- Unlimited speed dials
- Tons of pre-installed links/resources



# Accelerating user growth on Android



- 9.4 million monthly Opera-users on Android in October
- Supreme rating in Android Market
- On target to reach significant marketshare, currently @ ~5%

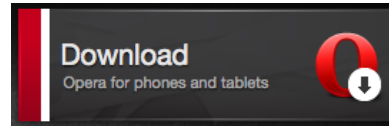


**Opera Mini™** para Android  
[Baixe grátis](#)

Navegue mais rápido e deixe seu  
plano de dados mais barato



**Ongoing Android push = increased visibility**



Sony Ericsson

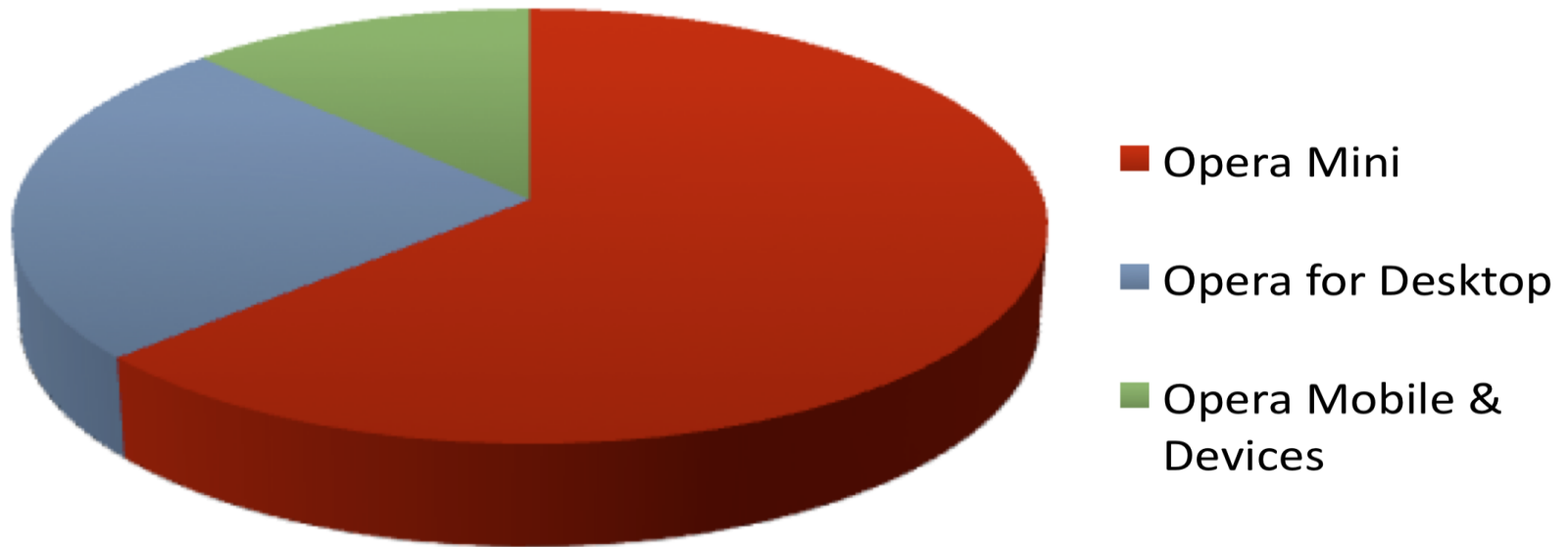


Opera Mini  
for Android



every platform, every OEM, every store, online ads  
**and opera.com**

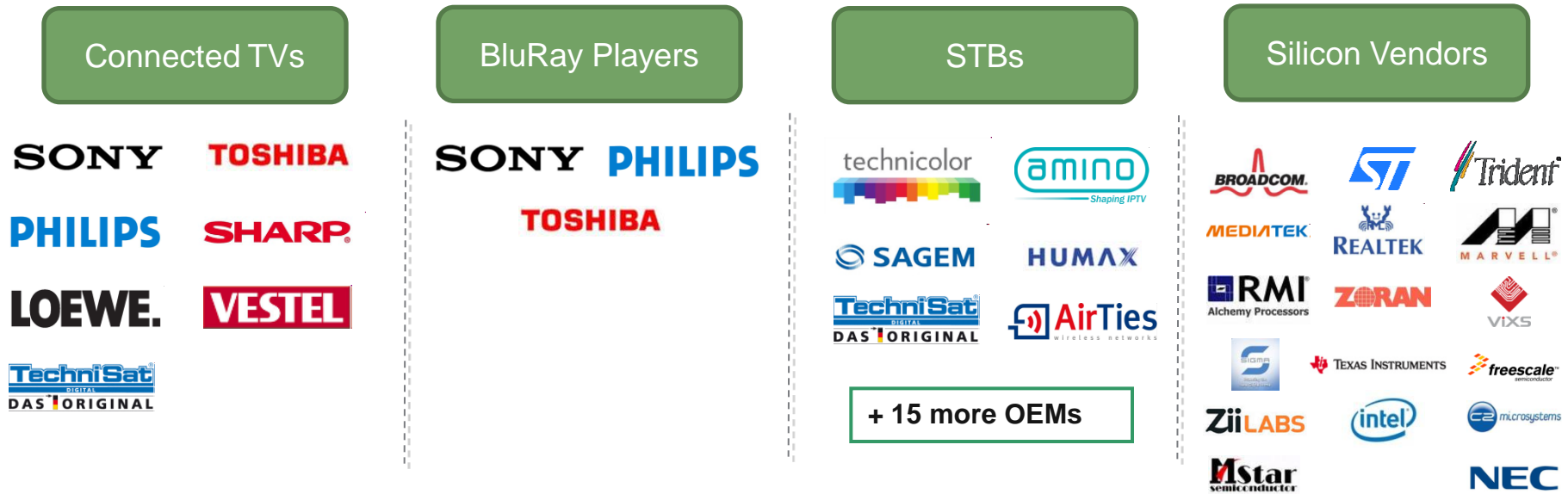
# 220+ million people use Opera





**TV** update

# Opera's Connected TV footprint



- Opera will aim to deliver its TV Store and stand alone apps to all SDK customers
- Total market size in excess of 30 Million units in 2011, 50 Million units in 2012
- Same HTML 5 Opera core rendering engine across all silicon platforms
- In a fragmented TV market, using web standard helps "Write once – deploy in millions"

My apps

TV Store

Chess



NEW AND NOTEWORTHY THIS MONTH

facebook

vimeo

DRIVECAST

FEATURED & NEW APPS

All Categories

More

Business

Education

Games

Health & Fitness



Aupeo  
★ ★ ★ ★ ★



Backgam...  
★ ★ ★ ★ ★



Bubbles  
★ ★ ★ ★ ★



Cinetrailer  
★ ★ ★ ★ ★



Clicker.tv  
★ ★ ★ ★ ★



Dracula's...  
★ ★ ★ ★ ★



Facebook  
★ ★ ★ ★ ★



Chess  
★ ★ ★ ★ ★



First Oper...  
★ ★ ★ ★ ★



Foreca  
★ ★ ★ ★ ★



Forte Aud...  
★ ★ ★ ★ ★



Mahjong...  
★ ★ ★ ★ ★

Opera TV store launched



**Desktop** update

# Opera for desktop: Continued revenue and user growth

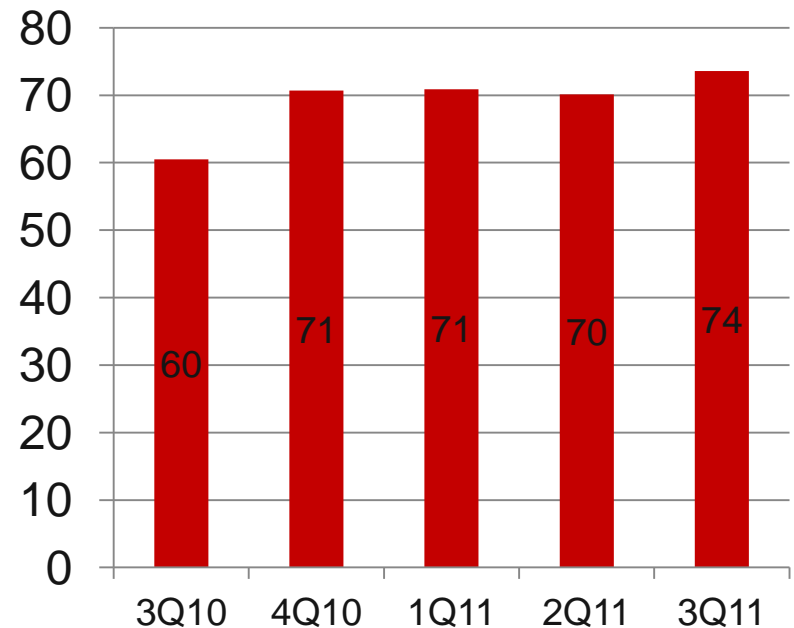
- **Continued revenue growth**

- 73.6 MNOK: increase of 22% compared to 3Q10
- FX impacted revenue negatively with USD down 7% in 3Q11 vs. 3Q10

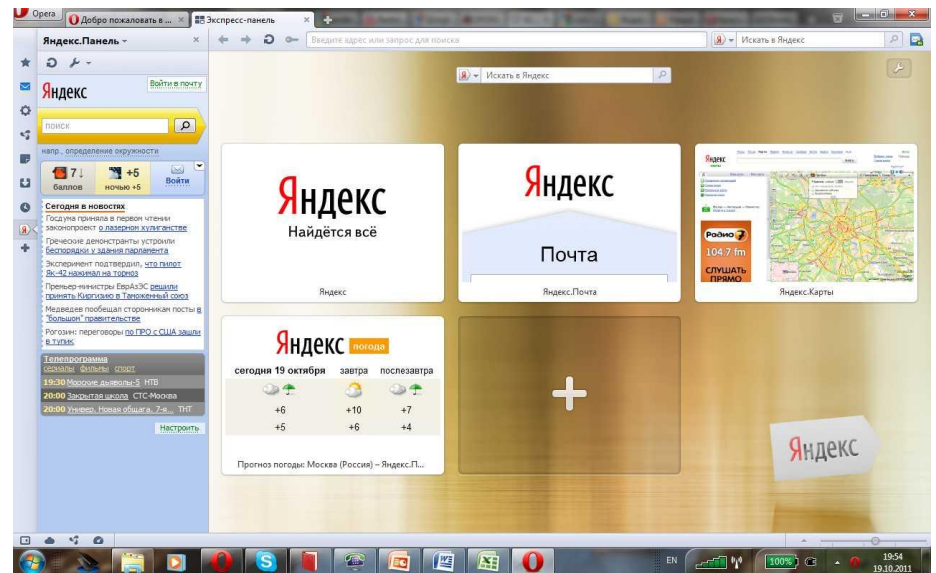
- **Continued user growth**

- 54 million Opera desktop users in September 2011
- User growth 20% in 3Q11 vs. 3Q10

Desktop revenue\* (MNOK)



Yandex =  
+1M users in  
2011



Example: Strong partners can drive distribution

# Around 50 new content partners have been added to the Opera Browser in 2011

<b>Multi-regional:</b>	Bing, Booking.com, Bigpoint, Opera Sports, Alawar, Games2Win, Hotels.com, TradeDoubler
<b>Ukraine:</b>	Sinoptik, Aukro, Emarket.ua, Vsene, Ukr.net
<b>Russia:</b>	Nikita, Mamba, Skyscanner, Groupon, Drom, Lamoda, gazeta.ru
<b>USA:</b>	Groupon, DuckDuckGo
<b>LatAm:</b>	MercadoLibre, Terra
<b>Turkey:</b>	Yandex
<b>Brazil:</b>	Globo, Olhar Digital, iG, Format PC
<b>Germany:</b>	Idealo, Mein Gutscheincode
<b>Eastern Europe:</b>	Skyscanner, eBroker, Mall, Skapiec.pl, Groupon PL
<b>Japan :</b>	Apple, Jal, ABC-mart, JTB, Softmap, DMM, 7netshopping
<b>India:</b>	Ibibo, Expedia, SnapDeal, BuyThePrice, Fropper, Shaadi,

## New territories targeted during 2011

- Brazil
- India
- Indonesia
- UK
- Mexico
- Colombia
- Chile
- Argentina
- Ukraine (ru)
- Turkey

## Global partnerships established

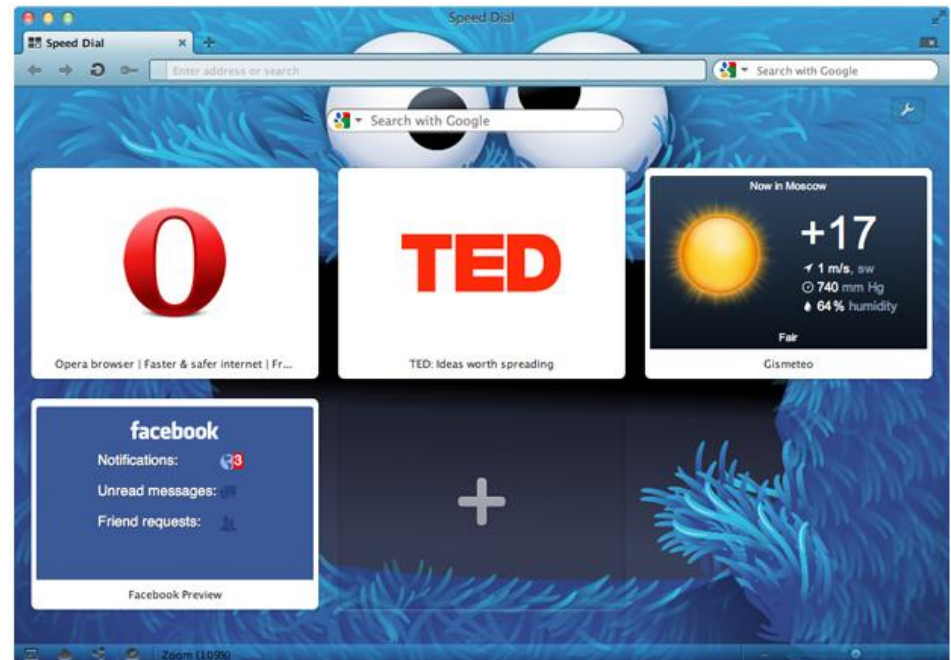
- eBay
- Booking.com
- Hotels.com (via TradeDoubler)
- Groupon
- Amazon

# Content providers – Speed Dial monetization



# Released alpha-version of Opera 12

- Showcasing Hardware acceleration and WebGL
- Webcam API
- New HTML5 engine
- New address bar
- Opera themes support
- Demoed with Angry Birds



# Service Components

- Advertising
- Opera Mobile Store
- Content partnerships & Speed Dials slots
- Ad Exchange
- Publishers
- Payment Exchange

# Q&A