



OPERA SOFTWARE

Quarterly report
Third quarter report 2014

About Opera Software

Opera enables more than 350 million internet consumers worldwide to connect with the content and services that matter most to them and more than 130 mobile operators to deliver the very best possible internet experience to their subscriber base. Opera also helps publishers monetize their content through advertising and advertisers reach the audiences that build value for their businesses, capitalizing on a global consumer audience reach that exceeds 800 million.

www.opera.com

3Q 2014 Financial Highlights

	Financial metric	3Q14 (\$m)	3Q13 (\$m)
Revenue	Total revenue	138.8	75.5
Profitability	Adj. EBITDA*	33.9	22.5

- Revenue growth of 84%
- Record revenue and profit
- Strong revenue growth from Mobile Publishers and Advertisers and Mobile Consumers

*Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.



FINANCIAL REVIEW

Erik Carson Harrell
CFO / CSO, Opera Software

A note from our lawyers

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Financial Highlights 3Q14

	Financial metric	3Q14 (\$m)	3Q13 (\$m)
Revenue	Total revenue	138.8	75.5
Profitability	Adj. EBITDA*	33.9	22.5
Cash generation	Operating Cash Flow	18.2	20.1
	Free Cash Flow**	15.4	15.8

*Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

** Operating Cash Flow less capital expenditures

3Q14 Actuals versus Guidance

	3Q 2014 Actuals	3Q 2014 Midpoint Guidance*
Revenue	\$138.8m	\$138.5m
Adj EBITDA**	\$33.9m	\$32.5m

*Provided at 2Q14 Presentation (August 21st, 2014)

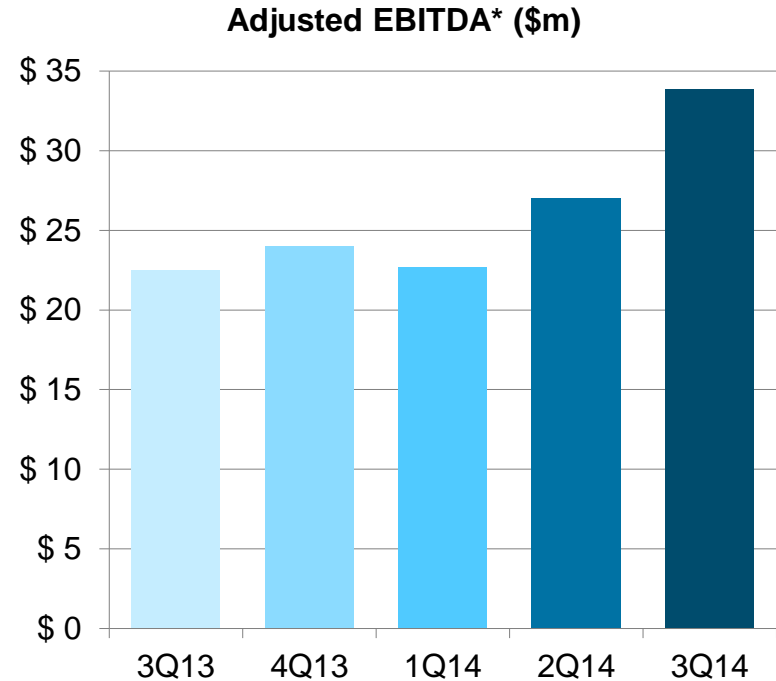
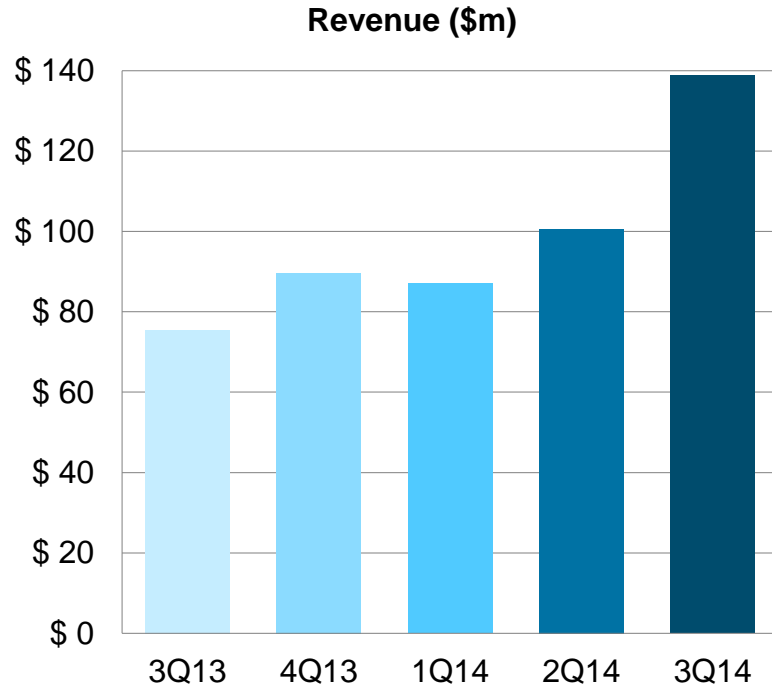
** Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

3Q14 Financial Review

\$m	3Q14	3Q13	Q on Q
Revenue	138.8	75.5	84%
Cost of Goods sold-	43.9	14.9	194%
Payroll and related expenses -	39.1	25.9	51%
Stock-based compensation expenses-	4.5	1.0	330%
Depreciation and amortization -	10.0	5.8	71%
Other operating expenses -	21.9	12.1	80%
Total expenses =	119.3	59.9	99%
Adjusted EBITDA*	33.9	22.5	
EBIT	19.5	15.6	
Net Income	-11.7	1.3	
EPS (USD)	-0.082	0.011	
Non- IFRS Net Income	20.4	14.0	
Non- IFRS EPS (USD)	0.143	0.114	

* Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs

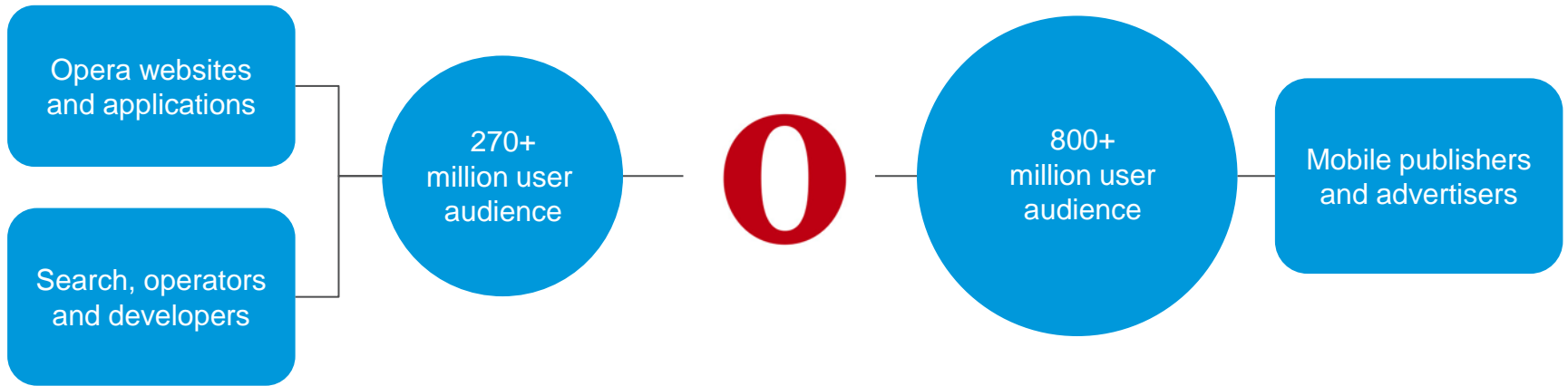
Financial Highlights: 3Q13 – 3Q14



* Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

1+ billion mobile audience reach

We empower the mobile internet economy



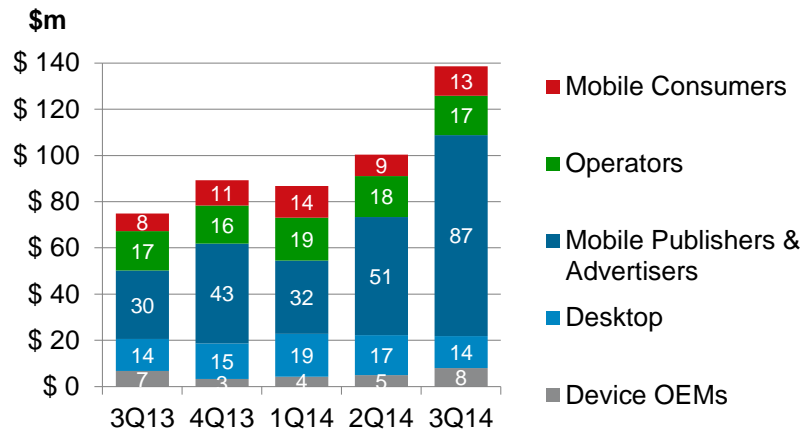
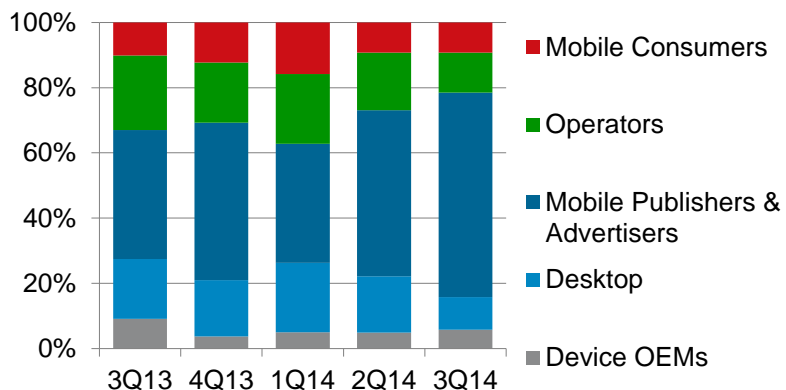
Advertisers

Media optimization capabilities

Revenue: Customer Type 3Q14

Overall revenue in line with expectations

Customer Type	
Mobile Consumers – Opera Owned and Operated Properties	In line with expectations
Operators	In line with expectations
Mobile Publishers & Advertisers – Opera Publisher Partner Members	In line with expectations
Desktop Consumers	In line with expectations
Device OEMs	In line with expectations



Revenue: Mobile Consumers

Opera Owned and Operated Properties 3Q14

Mobile Consumer revenue in line with expectations

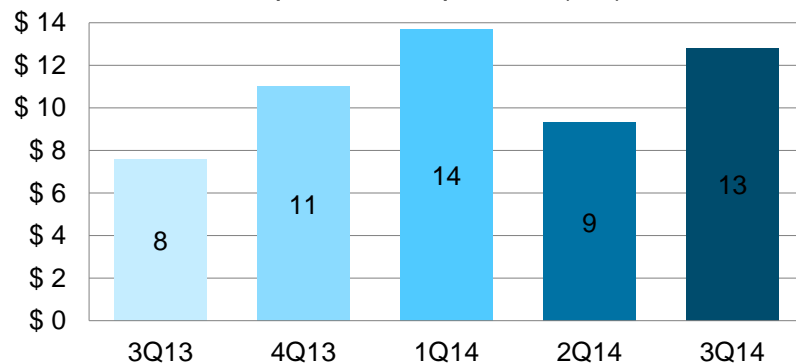
Revenue driven primarily by mobile advertising and licensing revenue

271M users by end of 3Q14, up 4% compared to end of 3Q13

41.2b ad requests from owned & operated properties in 3Q14, up 92% versus 3Q13. Opera users of the Smartpage and Discover page increased to 65 million users by the end of 3Q14, up 35% versus 3Q13. Downloads from the Opera Mobile Store in 3Q14 reached 171 million, up 18% compared to 3Q13

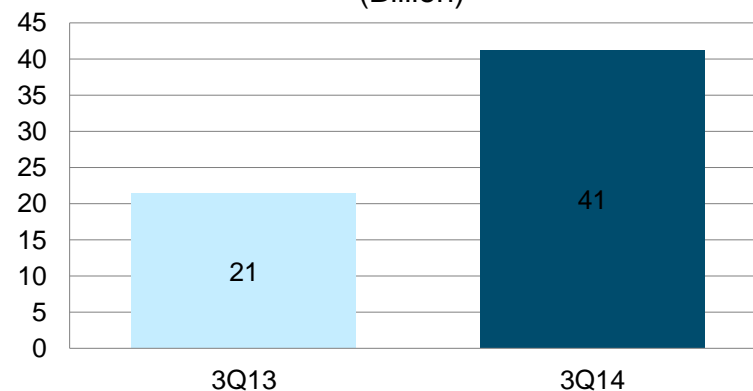
Revenue growth: 68% versus 3Q13

Mobile Consumers – Opera Owned and Operated Properties* (\$m)



* Unaudited

Ad requests from owned & operated properties (Billion)



Revenue: Operators 3Q14

Operator revenue in line with expectations

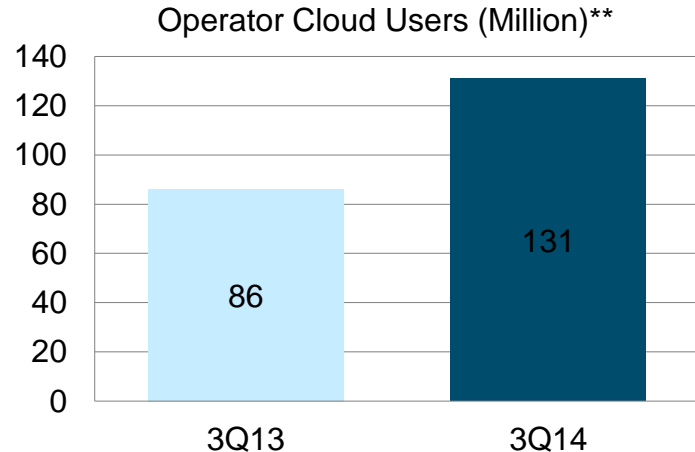
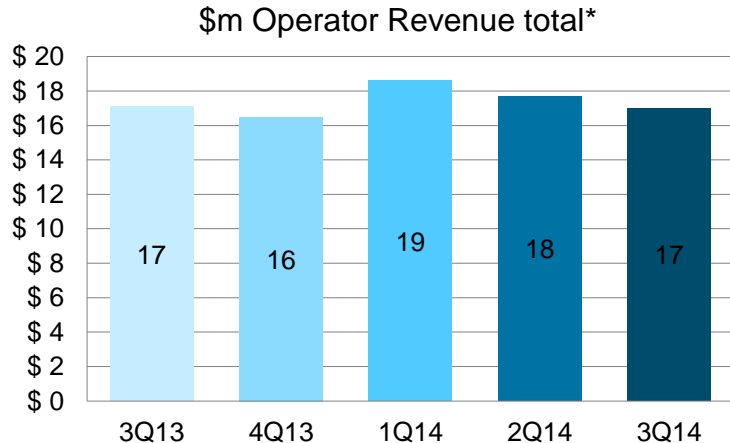
Cloud based Operator Data/License flat versus 3Q13 at \$16m

Key license revenue components: Opera Mini Operator co-brands and Rocket Optimizer

Overall revenue growth: Down 1% versus 3Q13

52% Operator active user growth September 2014 vs. September 2013

User growth driven by Airtel, MTN, Telenor, Vimpelcom and Vodafone in particular



* Unaudited

** Operator Opera Mini users and Operator Horizon users

Revenue: Mobile Publishers & Advertisers

Opera Publisher Partner Members 3Q14

Mobile Publisher & Advertiser revenue in line with expectations

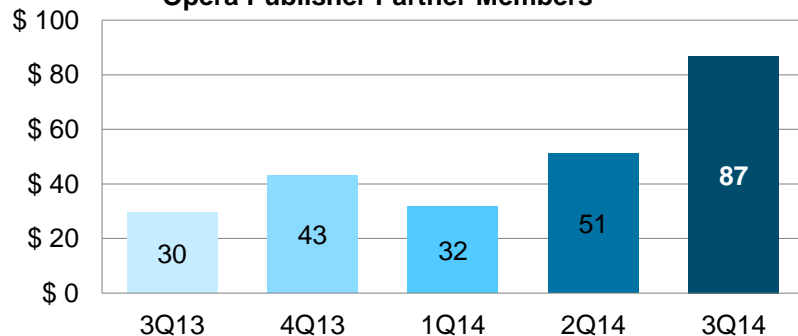
Revenue growth driven by both premium advertisers, including CVS, Comcast, JPMorgan Chase, Nestlé, Nissan, Starbucks, T-Mobile and Walmart, as well as performance advertisers such as Glu, King.com, Spotify and SuperCell

AdMarvel platform managed 187.5b ad impressions (including O&O) in 3Q14, up 9% vs. 3Q13

17,500+ websites and applications enabled in 3Q14, up from 14,000+ in 3Q13 and total reach of 800m+ (excluding O&O) in 3Q14 up from 400m+ in 3Q13

Revenue growth: 193% versus 3Q13***

**\$m Mobile Publishers & Advertisers
Opera Publisher Partner Members***

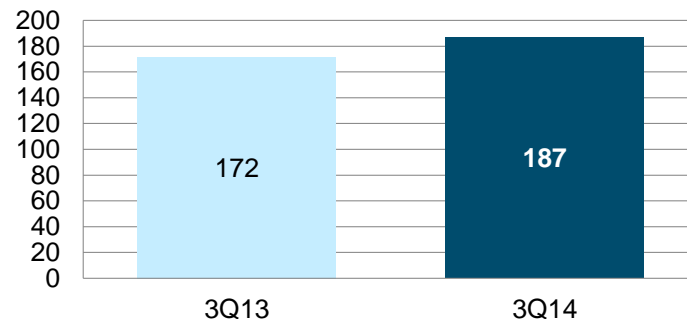


*Unaudited

** Includes Opera's O&O ad impressions

*** Contribution from AdColony of around \$36m in 3Q14

AdMarvel managed ad impressions (Billion)**



Revenue: Desktop Consumers 3Q14

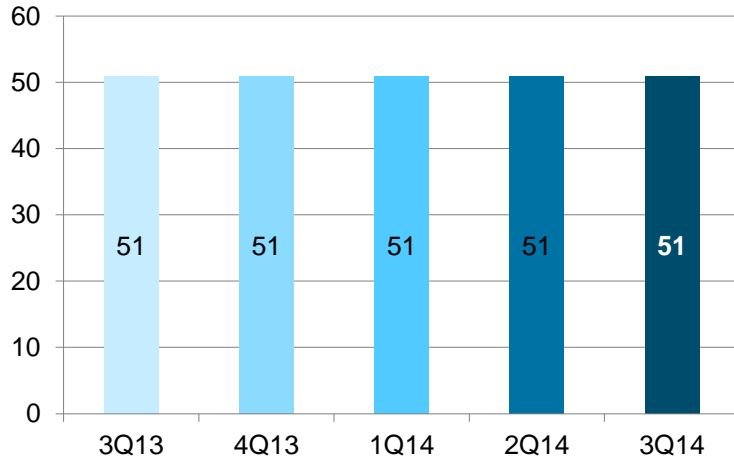
Desktop revenue in line with expectations

Solid ARPU with lower search revenue offset by higher partnership driven revenue

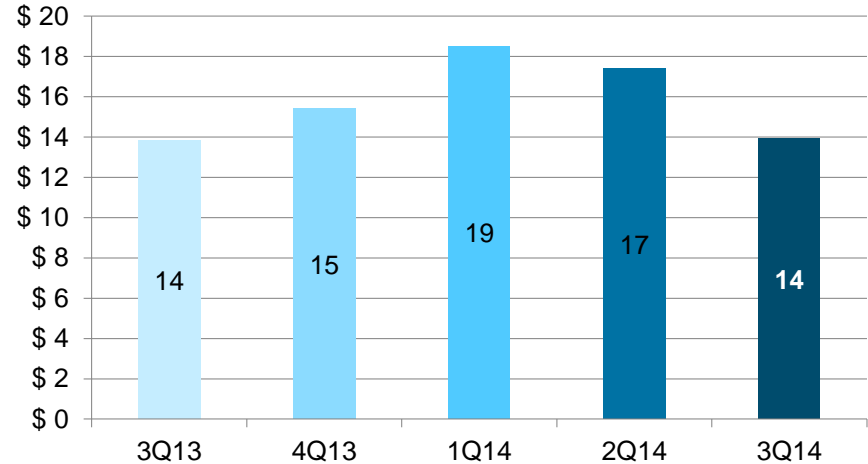
Desktop users at 51 million, flat versus 3Q13

Overall revenue growth: Flat versus 3Q13

Monthly Desktop users* (last month of quarter)



Desktop revenue* (\$m)



* Unaudited.

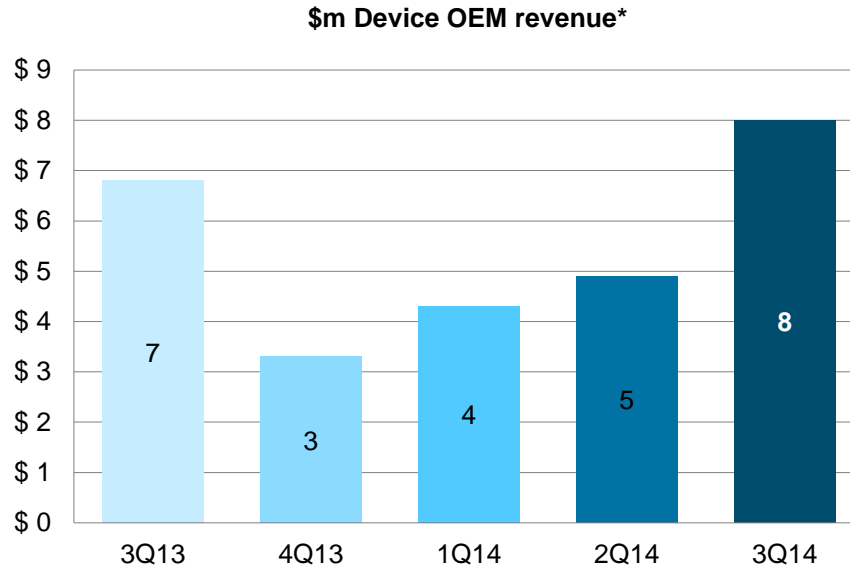
Revenue: Device OEMs 3Q14

Device OEM revenue in line with expectations

Revenue driven by Connected TV customers

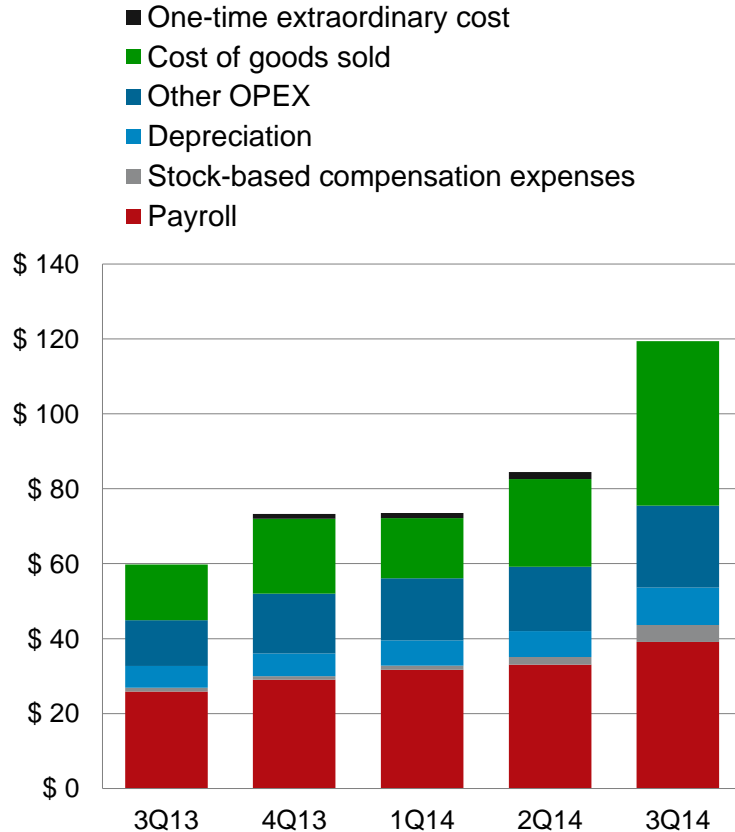
License revenue: ~80% of revenue

Overall revenue growth: 17% versus 3Q13



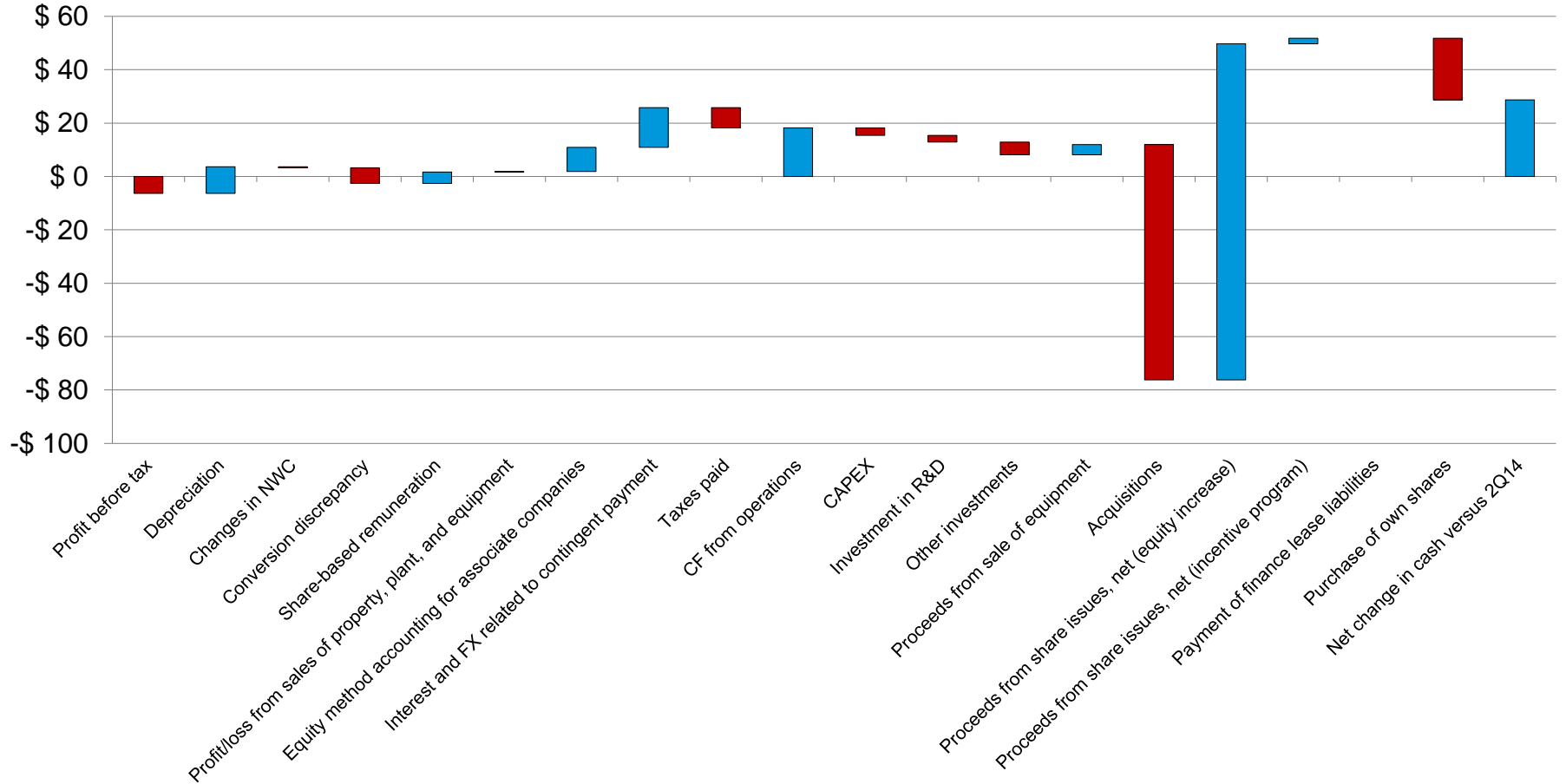
* Unaudited

OPEX Development (\$m)



Cost line	3Q14 vs. 3Q13	Comments
Payroll	51%	Higher headcount
Cost of Goods Sold	194%	Driven by 193% growth in Mobile Publisher and Advertiser revenue COGS or Publisher Cost related to Mobile Publisher & Advertiser business
Other OPEX	80%	Hosting costs, marketing and travel expenses key drivers
Depreciation & Amortization	71%	Higher investments in Opera Mini server infrastructure and depreciation on intangible assets related to acquisitions
Stock-based compensation expenses	330%	Stock based compensation costs include a full quarter of costs related to Opera's new restricted stock unit (RSU) plan
Total Expenses	99%	

Cash Flow 3Q14 (\$m)



4Q14 Guidance

Metric	4Q14 Guidance
Revenue*	\$159-169m
Adj EBITDA***	\$36-40m

* Assumes currency remainder of 4Q14 (NOK 6.5 /USD, USD 1.3 /EUR)

** Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

4Q14 Guidance Overview

		Vs. 3Q14*	Comments
Revenue	Operators	Down	Solid cloud based license/data revenue
	Mobile Consumers	Up	Smartphone user growth and growing ARPU
	Mobile Publishers & Advertisers	Up	Strong growth in a seasonally strong quarter and with a full quarter with revenue from AdColony
	Desktop	Flat	Stable user trend and ARPU
	Device OEMs	Down	Solid revenue by Connected TV customers
Expenses	Payroll	Up	Growing headcount in MP&A business
	Cost of goods sold	Up	Reflecting Mobile Publisher & Advertiser revenue trend
	Stock-based compensation	Flat	Stable trend with cost of RSU program leveling out
	Depreciation	Up	Continued investments in cloud based server hosting infrastructure and acquisition related depreciation
	Other Opex	Up	Attributed primarily to growth in Mobile Publisher & Advertiser business

Assumes currency remainder of 4Q14 (NOK 6.5USD, USD 1.3/EUR)

2014 Guidance

Metric	2014 Guidance (prior ^{***})	2014 Guidance (new)
Revenue*	\$480-500m	\$485-495m
Adj EBITDA**	\$117-124m	\$120-124m

* Assumes currency remainder of 2014 (NOK 6.5 /USD, USD 1.3 /EUR)

** Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

*** Prior guidance refers to update done 21st August in connection with 2Q14 announcement



O OPERA SOFTWARE

CAPITAL MARKETS DAY

NEW YORK CITY MARCH 19TH



OPERATIONAL UPDATE

Lars Boilesen
CEO, Opera Software

Opera Software

Highlights from the third quarter 2014

Consumer products

Monetization capabilities now arriving in our products

Renewed contract with a major TV manufacturer

Operators

Opera Web Pass platform getting momentum

Good progress on OEM strategy

Mobile Publishers & Advertisers

AdColony acquisition completed

Strong revenue growth in the quarter



CONSUMER PRODUCTS

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New Opera Mini for iOS with video boost

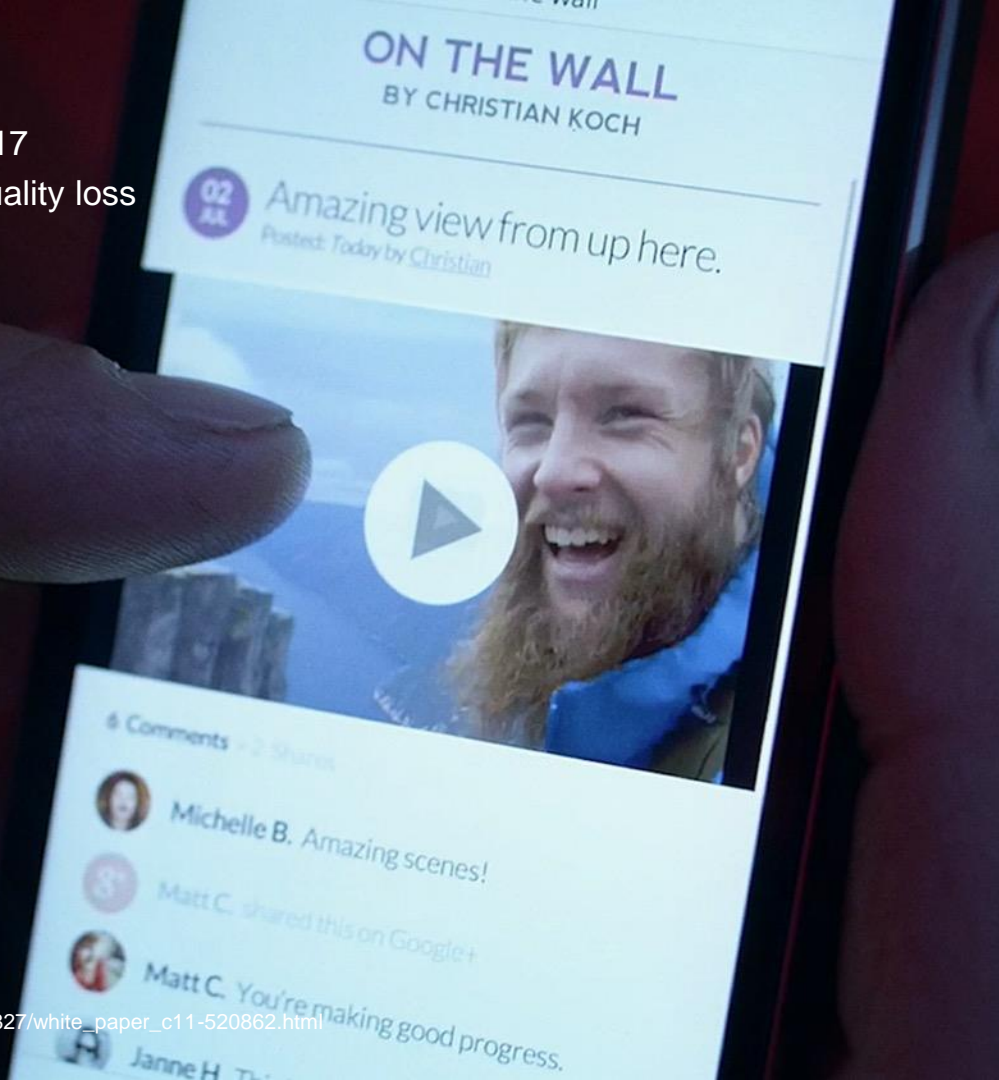


Why mobile video is important

Will represent 66% of global mobile data traffic by 2017

Our goal is to minimize video buffering without any quality loss

A unique value proposition for users to choose Opera





Opera Mini for Windows Phone

Established presence on a new and
growing mobile platform

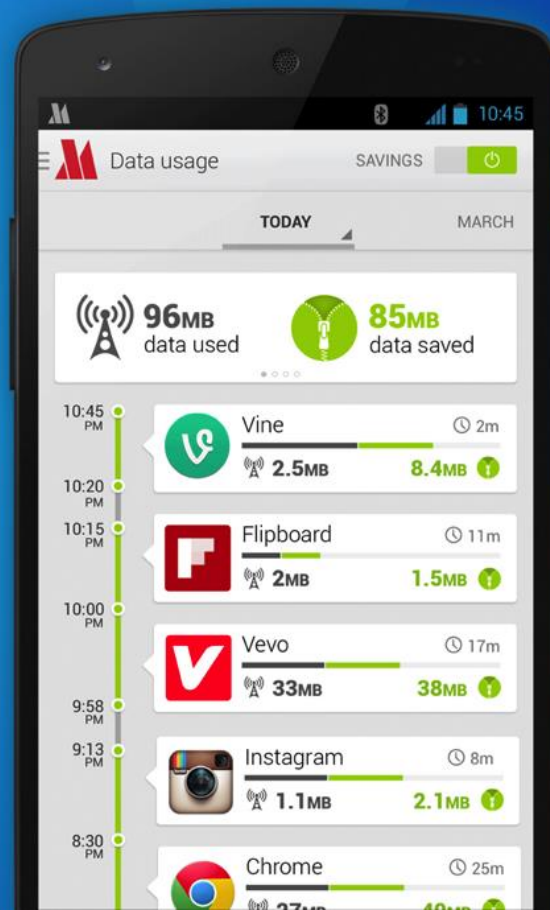




Opera Max Getting momentum

More Android users can now extend their mobile data plan as Opera Max rolls out in 24 countries in Latin America.

www.opera.com/max





Opera Max Partnership with Samsung

Opera Max was launched with Samsung in South Africa at their spectacular Galaxy Note 4 Launch in Cape Town.

Opera Max will be preloaded on Samsung phones in Africa in 2015.

www.opera.com/max





Opera Max Contract signed with MediaTek

MediaTek's upcoming 64-bit smartphone processors will come with Opera Max built-in.

By embedding Opera Max into the chipset, consumers don't need to download it from the Google Play Store.

www.opera.com/max



Smallest Mini Ever

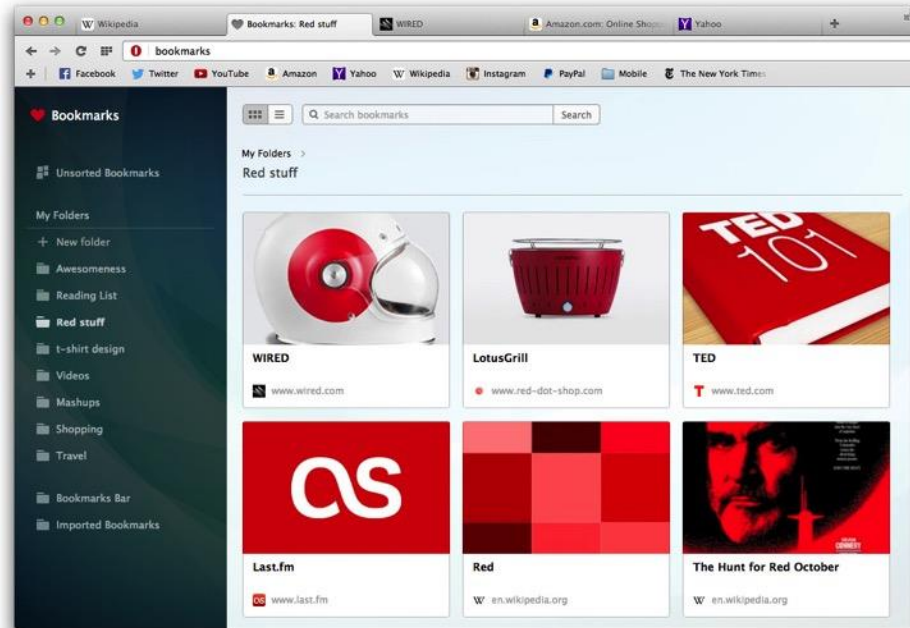
Opera Mini debuts on Samsung Gear S
Browse the web from your wrist



Opera for computers

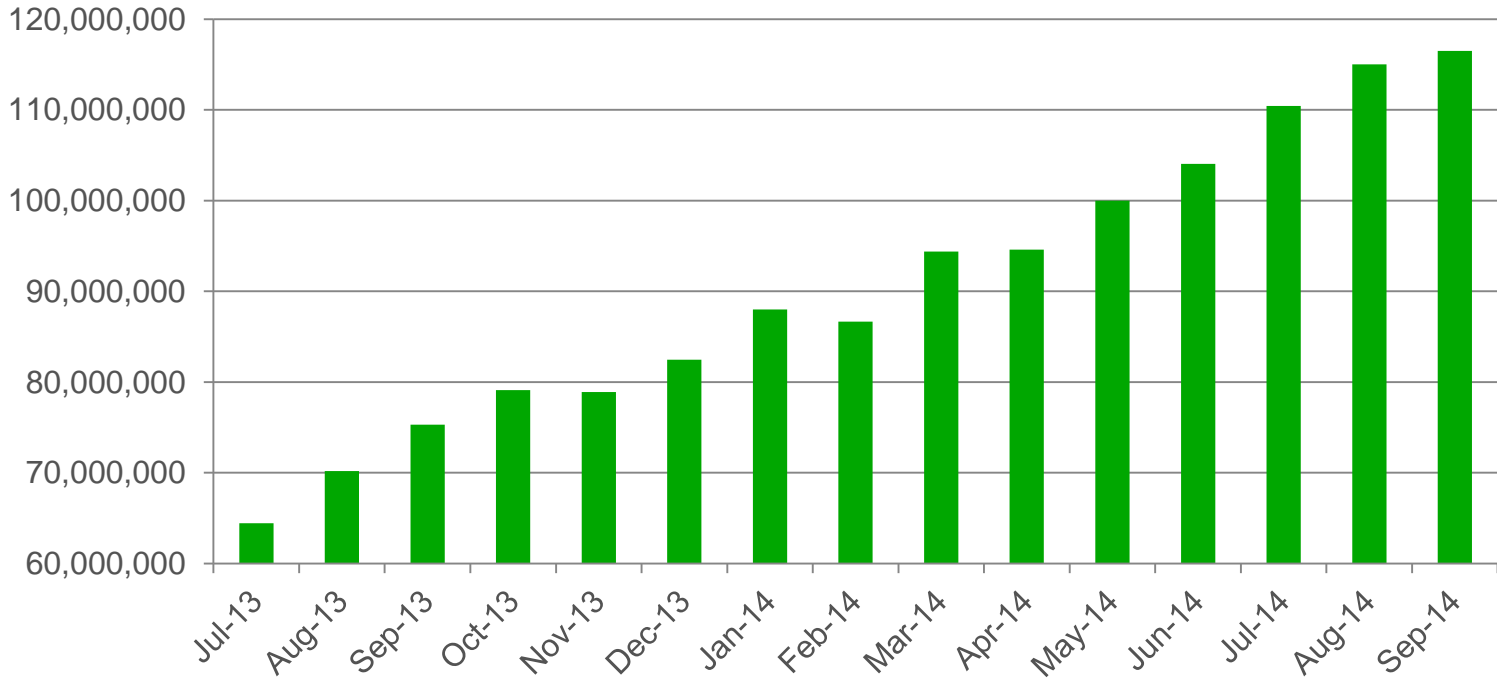
Stable user and revenue trends with high retention rate

New features and improvements are well received among users

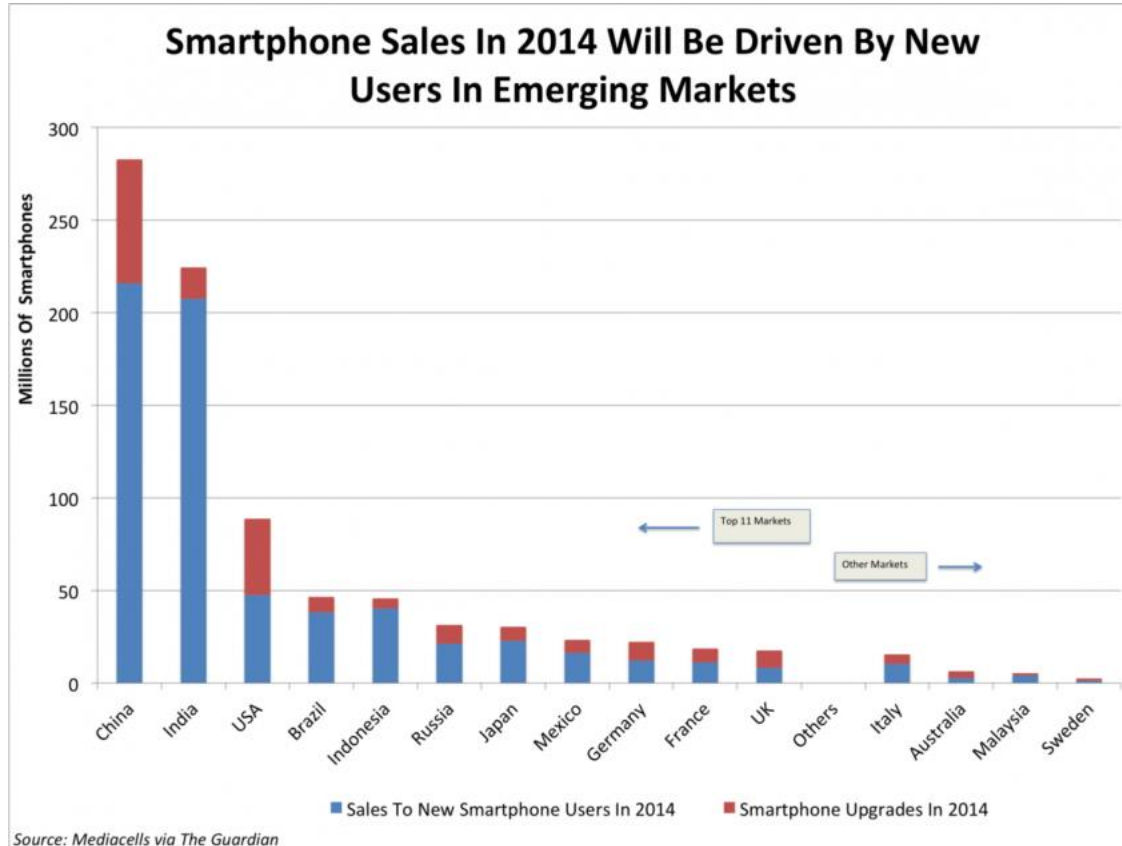


Reached 116 million Android users

Up 54% versus the end of Q3 2013



Top Android growth markets





NOKIA



Sony renews contract with Opera

Long term agreement signed to ship Opera Device SDK, TV Store and TV Browser for all Sony Connected TV devices



SONY®

Monetization capabilities now arriving in our products

Opera Mediaworks ad technology now implemented in Opera TV

Opera TV staying ahead of the game with 3rd edition of Chromium/Blink web engine





OPERATORS

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Opera Web Pass getting momentum

35 MILLION

Web passes sold since launch

Enabling easy internet access around the world with our partners:



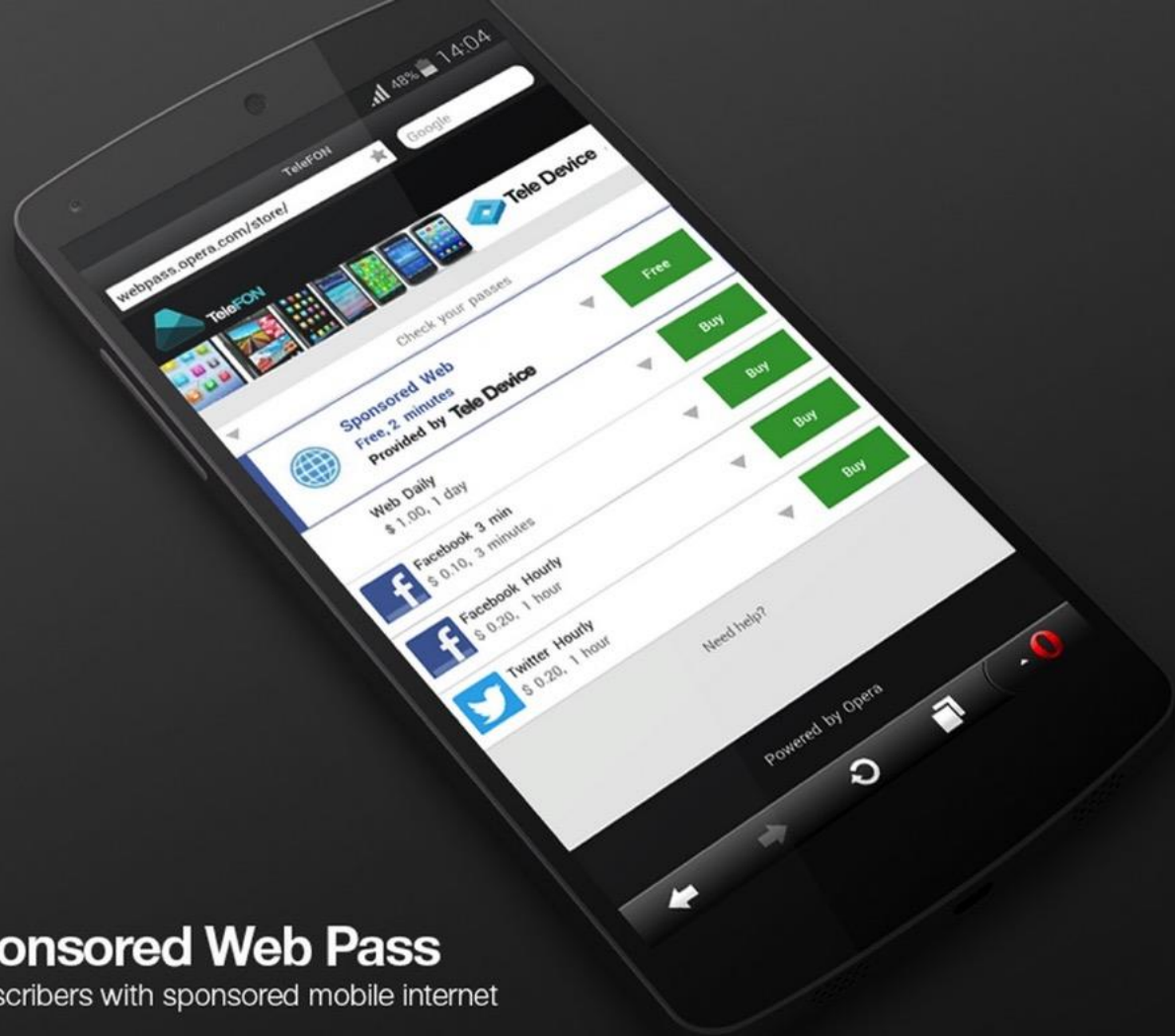
Connecting to the internet is still a barrier for many

The old way. 16 steps plus.



The new way. 3 steps.





Opera Sponsored Web Pass

Acquire new subscribers with sponsored mobile internet

Getting Myanmar online

Connect the unconnected

Launch of co-branded Opera Mini browser with Telenor will help bring internet to the masses in Myanmar.



Rocket Optimizer

Advanced stage with leading infrastructure OEM for integration of Rocket in a combined platform offering.

Rocket Optimizer now live in two major operator networks.

Several tier-1 operators signed up for live network trial in Q4.

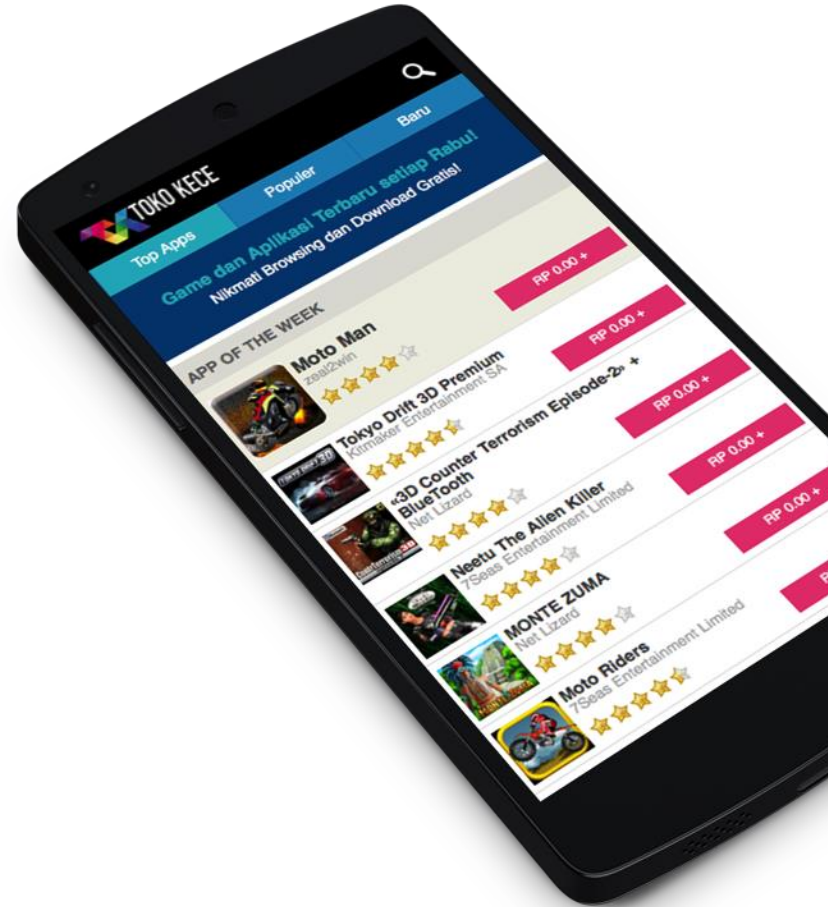
Strong pipeline growth in Asia.

Audio Optimization introduced in Q3. Successful proof of concept carried out with leading 4G operator.

Opera Mobile Store

Launched subscription-based model with XL,
one of the largest operators in Indonesia

More than 300,000 applications available





MOBILE PUBLISHERS & ADVERTISERS

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Insights from Opera Mediaworks



90% of the top

AD AGE GLOBAL ADVERTISERS

Advertisers include...



SAMSUNG

sky

NORDSTROM



Walmart



Coca-Cola

ebay

T-Mobile



OVER 800M

UNIQUE USERS

OVER 17,500

SITES AND APPLICATIONS

Publishers include...

epicurious

photobucket

PANDORA

CBS

WIRED

News Corporation

WSJ

univision

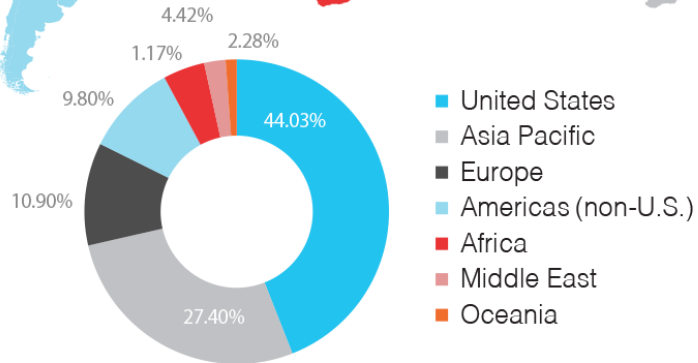
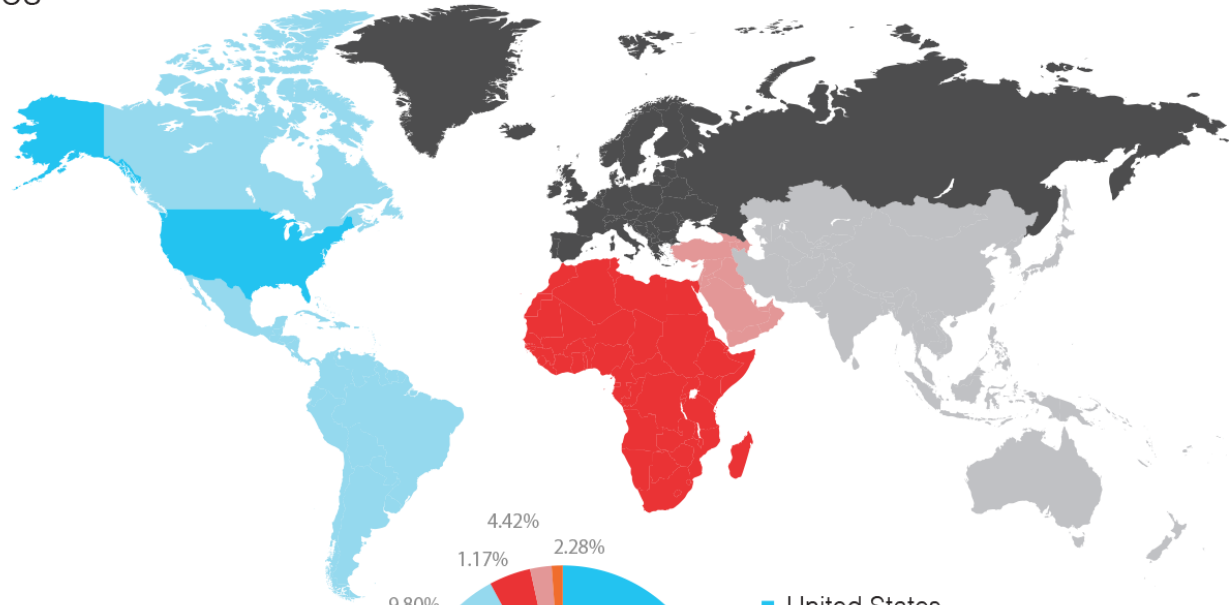
CONDÉ NAST

HEARST corporation



Top 20 countries

- United States
- India
- Indonesia
- Mexico
- Russian Federation
- United Kingdom
- Brazil
- South Africa
- Canada
- Italy
- Australia
- Nigeria
- Argentina
- Bangladesh
- Japan
- Ukraine
- Vietnam
- Saudi Arabia
- France
- Spain



- United States
- Asia Pacific
- Europe
- Americas (non-U.S.)
- Africa
- Middle East
- Oceania



AD COLONY

The highest quality in mobile video:

- Razor sharp quality
- Instant-Play™ technology
- Never buffers



Campaign example

The Flash

AdColony Instant-Play™ HD-video delivered The CW's The Flash ad
Campaign averaged overall engagement rate of nearly 40%
The Flash was The CW's best show debut in 5 years



Campaign example

Disney Infinity

AdColony Instant-Play™ HD-video

U.S. national campaign promoting the launch of Disney Infinity

Highly interactive ad unit that drove high engagement



Lufthansa ad campaign

National campaign promoting Lufthansa travel

The ad unit allows users to picture of themselves, “selfies” in various travel destinations using their smartphone and gives them the chance to capture and share this preview on their social networks

Campaign has been well received within the industry, among press and users





BRAND IMPACT



1.77MM+ completed video ad views



10.8K+ hours of video ads watched

ENGAGEMENT



3.03% overall engagement rate
- 48% higher than industry benchmarks



9.95 seconds spent on end card
- End card increased time spent & engagement with Reebok by up to 1.6x (compared to standard video)



Mobile Video Drives Auto



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