

Opera Software

Capital Markets Day



Opera's vision and business strategy 2007 - 2009

Jon von Tetzchner, Chief Executive Officer



Historic Mission



Opera's mission is to provide the best Internet experience on ANY device

Opera: Innovator and Visionary from the Start

- 1995** Opera established. The beginning of innovation of web browsing on the desktop
- 1998** Opera started on its mobile vision: deliver browsers which enabled the full Web on mobile devices
- 2005** Opera established the Devices business unit to deliver browsers on any connected device with a screen
- 2006** Opera's vision has become a reality. Connected devices everywhere are hooking people up to the Internet they know from their PCs. Opera is the leader in this market

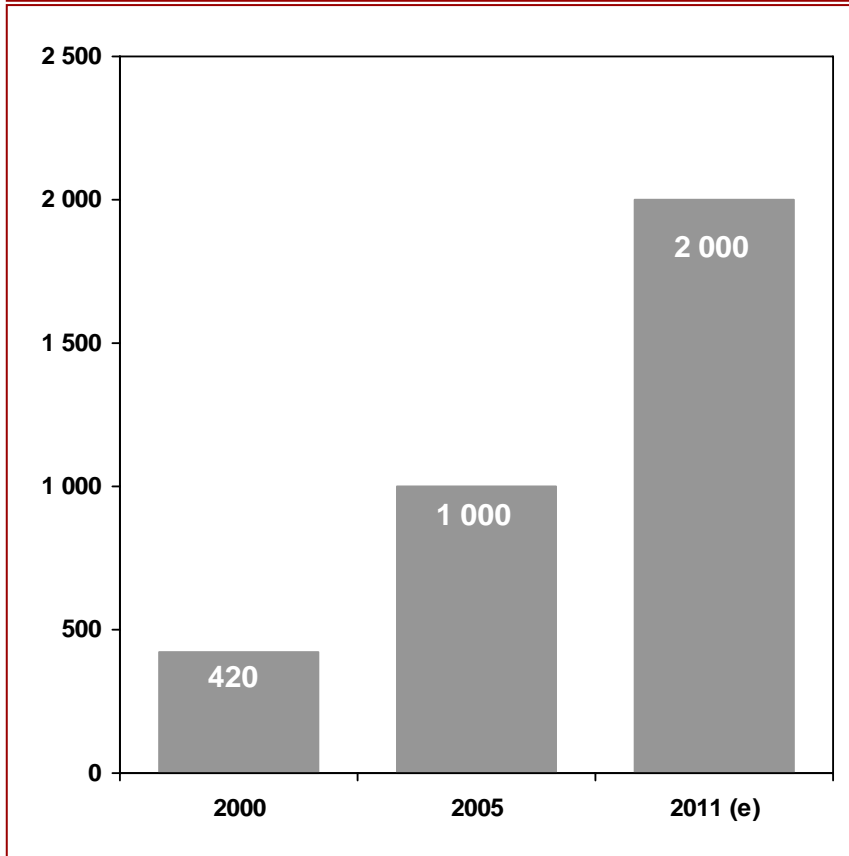


The Vision Has Become Reality



The Internet Revolution continues on a global basis

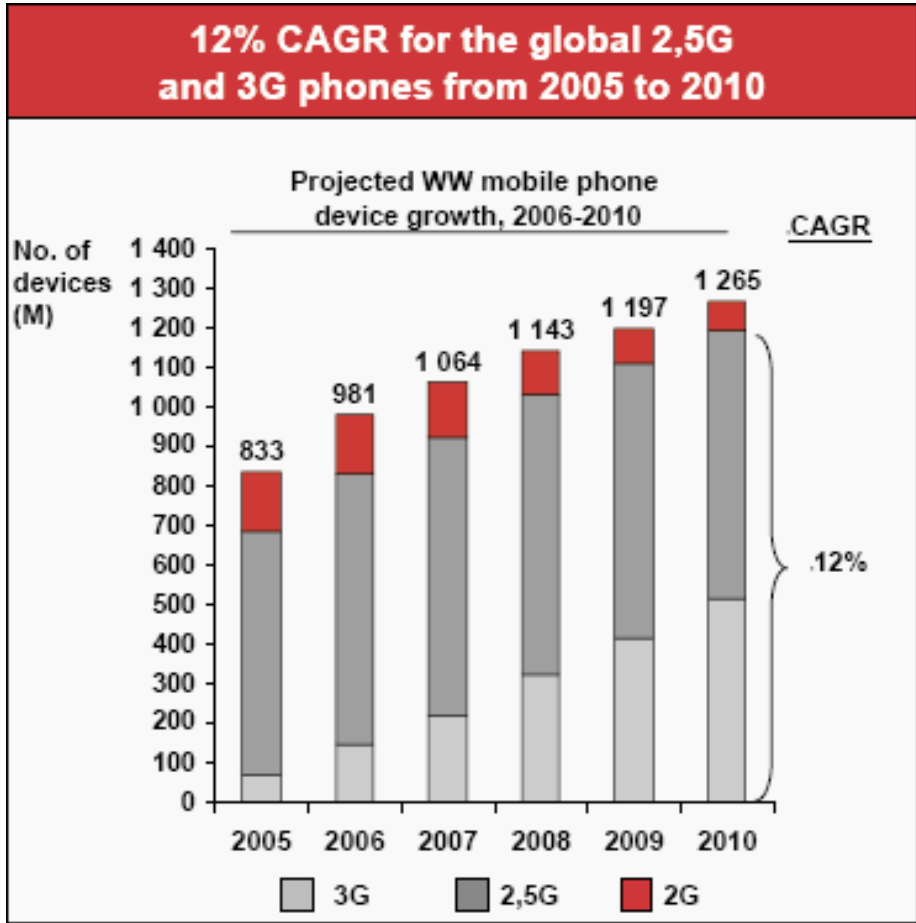
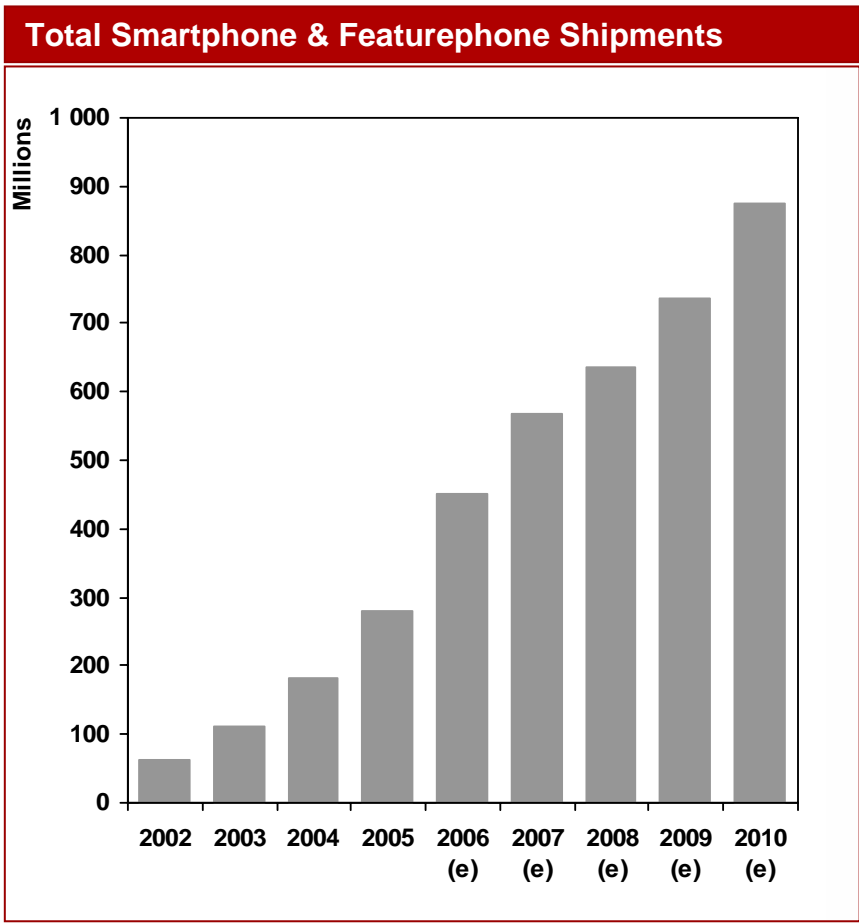
Growth in Internet Users (Global, MM)



Country	users (1000s)	Share (%)
1. USA	197.8	18.3
2. China	119.5	11.1
3. Japan	86.3	8.0
4. India	50.6	4.7
5. Germany	46.3	4.3
6. UK	35.8	3.3
7. South Korea	33.9	3.1
8. Italy	28.8	2.7
9. France	28.8	2.7
10. Brazil	25.9	2.4

Source: Computer Industry Almanac, Jan 06

Mobile Web usage is expanding rapidly, as phones become more powerful, networks become faster ...

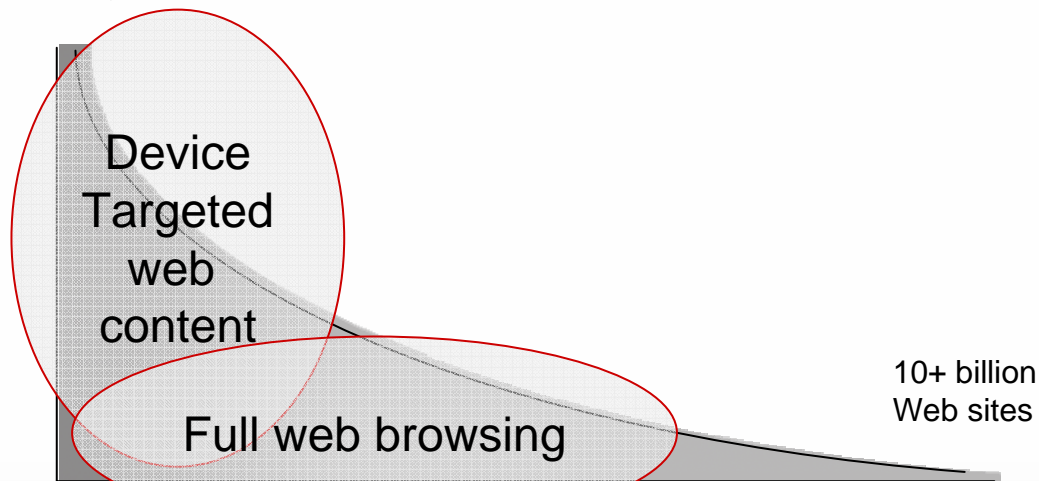


Sources: SOMO 2006 , Nomura Equity Research

... and as mobile specific and general web content becomes increasingly accessible from mobile phones



Usage



The long tail of Internet content and usage

“User studies have shown that WAP is more usable on mobile phones, but full web is what people want (Kaasinen 2005, p.82). When people access their favorite full web site on a mobile phone for the first time, they are clearly excited, which is often not the case when accessing WAP sites for the first time.”

- **Virpi Roto, Nokia R&D, 2006.**

Opera Mini is accelerating Mobile Web adoption

Enables people to access the Full Web

People can go to any website, either the Full Internet or Mobile specific portals/ sites

Available in most phones being sold today

All that is needed is a phone that supports java. Over 1 billion phones that support Java have been distributed worldwide and Java is supported in the majority of new phones sold today.

The "Mini" Revolution – delivers the full web at blazing speeds

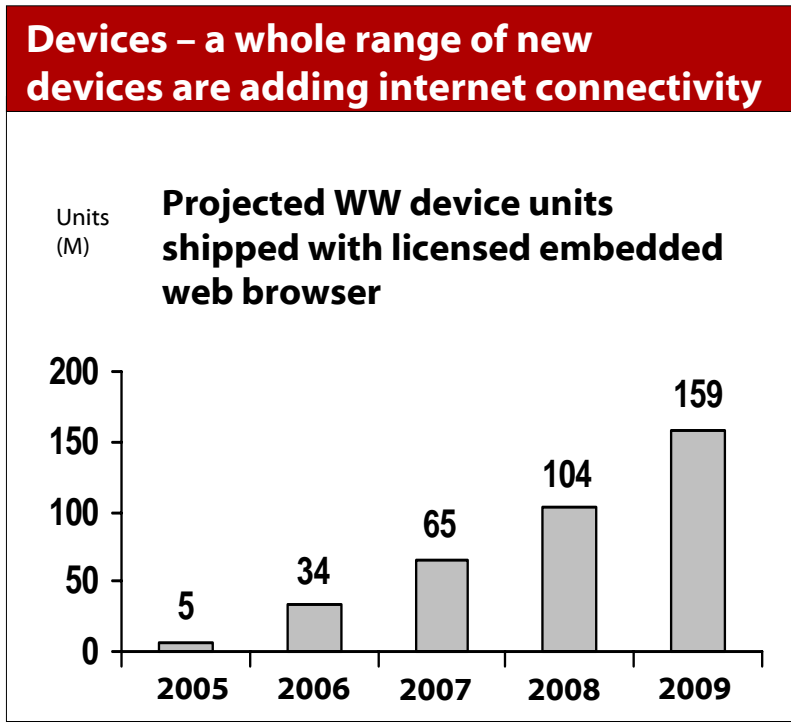
"In use, it changes the way you browse, the sign of a killer application." – All about Symbian

"I think the new Opera Mini is just about the best thing I've ever seen on a mobile phone. Really!"
– Russel Beattie

"This is a really big breakthrough for the mobile space"
– Jupiter Research



Non-mobile phone devices are rapidly adding Internet connectivity

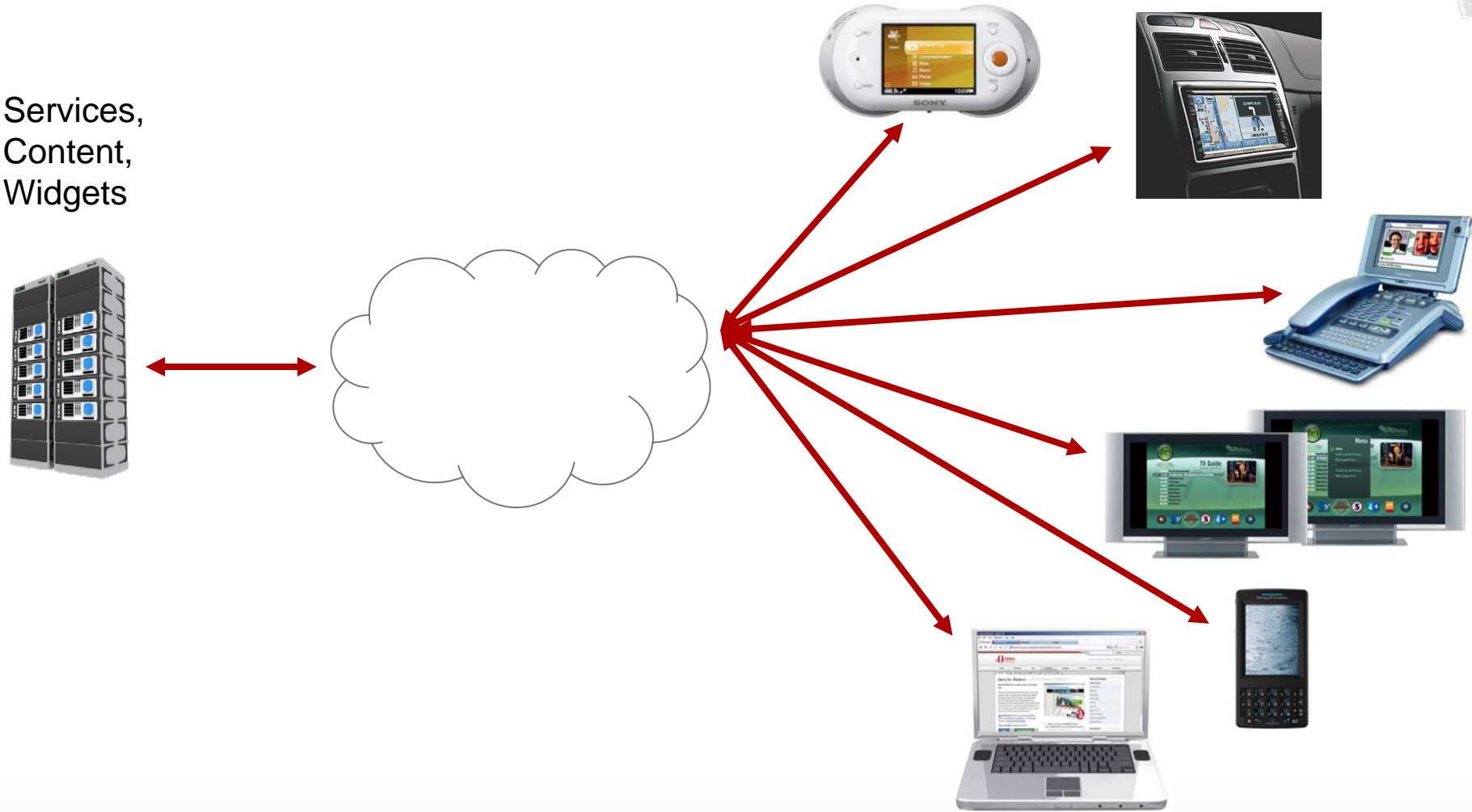


Source: IDC, BCG



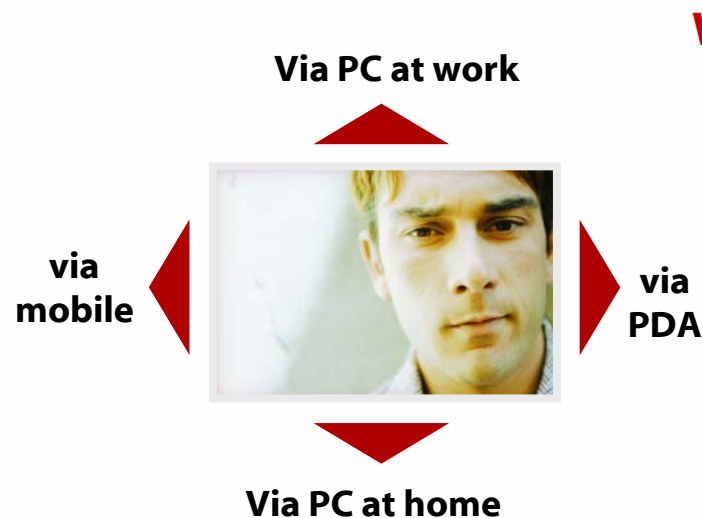
Opera is uniquely positioned to deliver cross-device services and capabilities to its users ...

Services,
Content,
Widgets

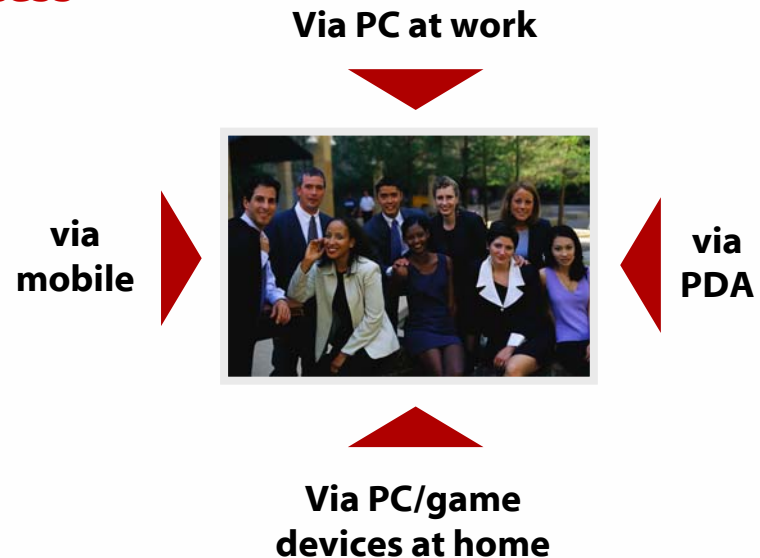


... both directly to the end user and on a hosted, "software as a service" basis to its business customers

Today...



Tomorrow via Opera



The "Worldwide Webs"

- Inconsistent interfaces
- Inconsistent experience
- Lack of synchronization
- Lack of continuity

The "Worldwide Web"

- Consistent interface
- Consistent experience
- Continuous experience

The Browser is THE primary interface for accessing content and services. Web applications are next

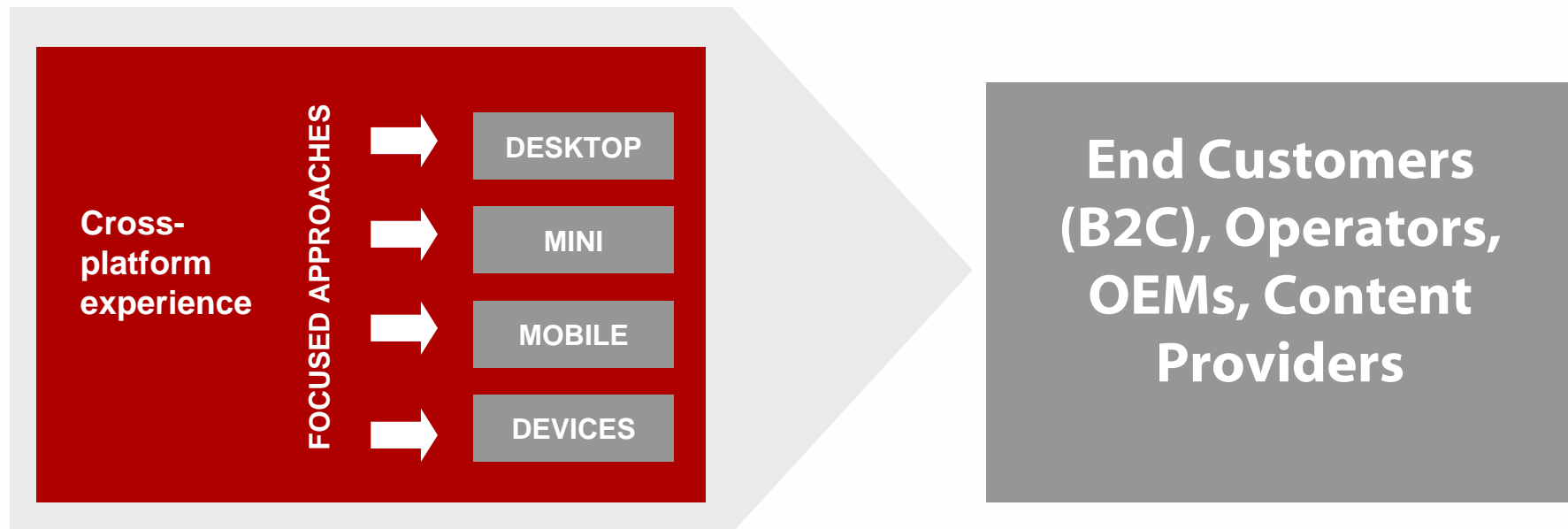
QuickArrow.

salesforce.com[®]
Success On Demand.™

Google[™]
Docs & Spreadsheets BETA



Opera's Strategy in Summary: Leverage Unique Position Across Device Categories, into both the B2B and B2C markets



Opera's fundamental mission

- Secure access to content for its users regardless of platform or place
- Position Opera as the next generation browser designed for device portability, with a rich, consistent experience
- Deliver services and capabilities which compel Opera users, regardless of device type, to use only Opera for all of their connected devices
- For example, Opera mobile users to use Desktop, Opera Nintendo Wii users to use Mini

Summary

- The market opportunities for Opera are huge
- Opera is well-positioned to take advantage of the "Mega-Trends" within its target markets
- Key elements of overall strategy
 - Leverage Opera's unique cross-platform capabilities
 - Offer web services to Opera users, regardless of connected device type, which compel them to use Opera for all of their devices
- Key directions for 2007
 - Focus on and invest in the B2C market segment in a much more aggressive way
 - Opera Mini, Desktop, Community
 - Accelerate momentum among mobile phone operators worldwide, on heels of T-Mobile and Telefonica deals
 - Leverage into expanded/deeper relationships with top OEMs
 - Build on lead/momentum among Device OEMs globally
 - Invest more heavily in our core geographic markets – USA, Japan, and Korea
 - Invest in R&D and innovation which enables Opera's strategy

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Agenda

1. Financial highlights

2. Top financial questions

3. 2007 priorities and outlook

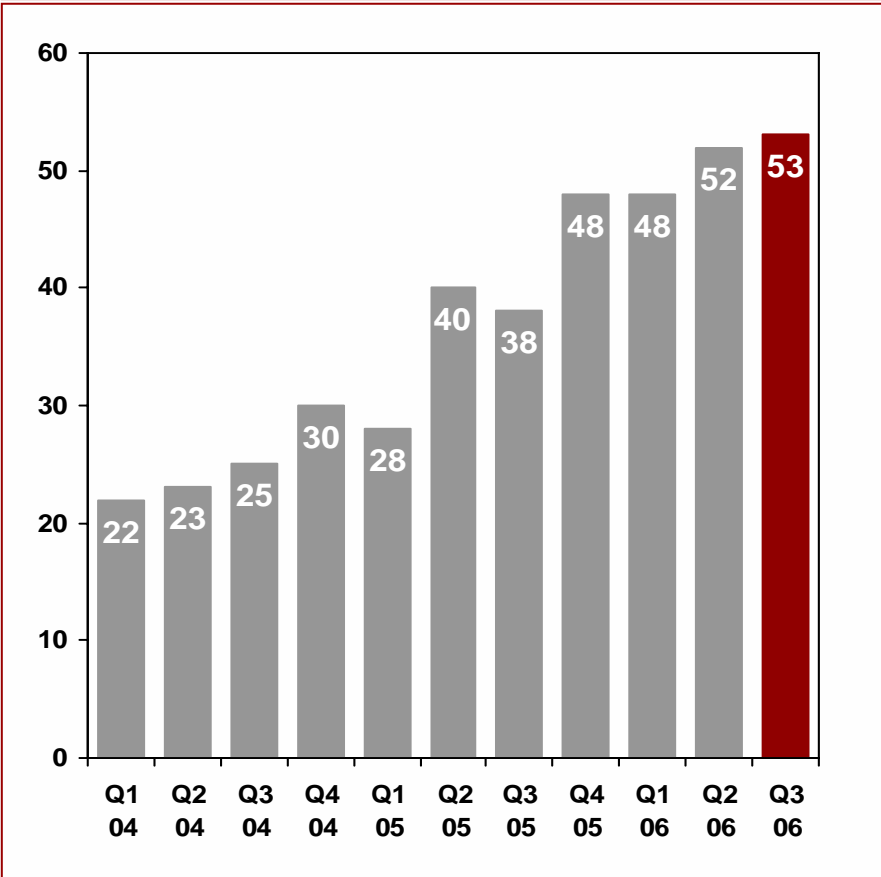


1 Financial highlights

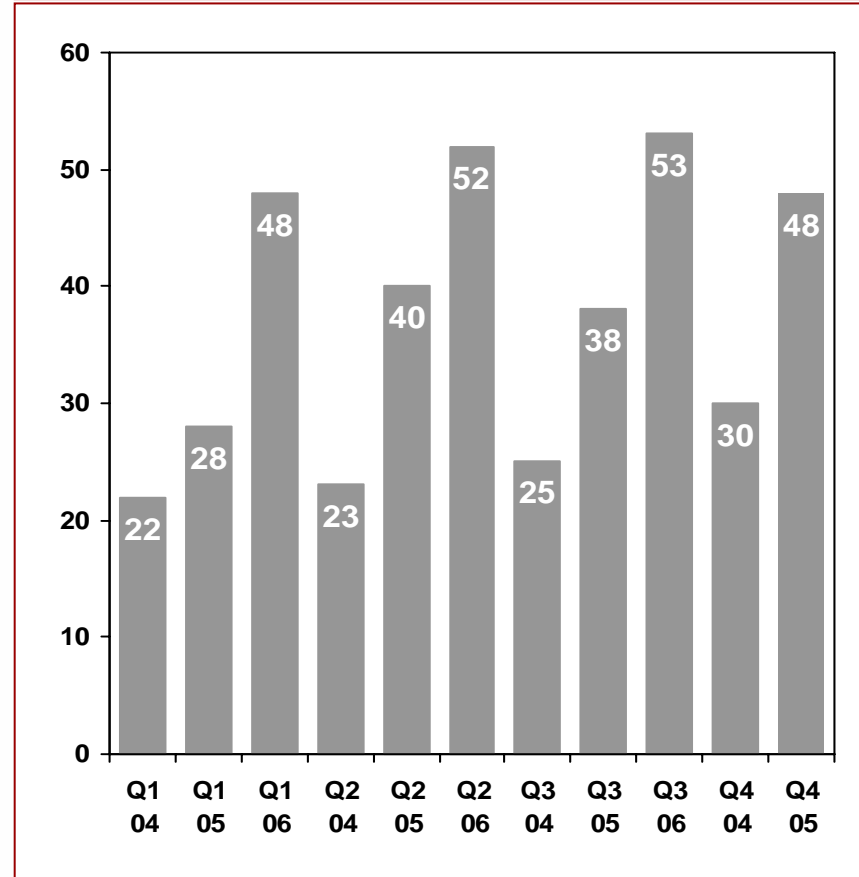


Attractive Revenue Growth

Operating Revenues (NOK Million)

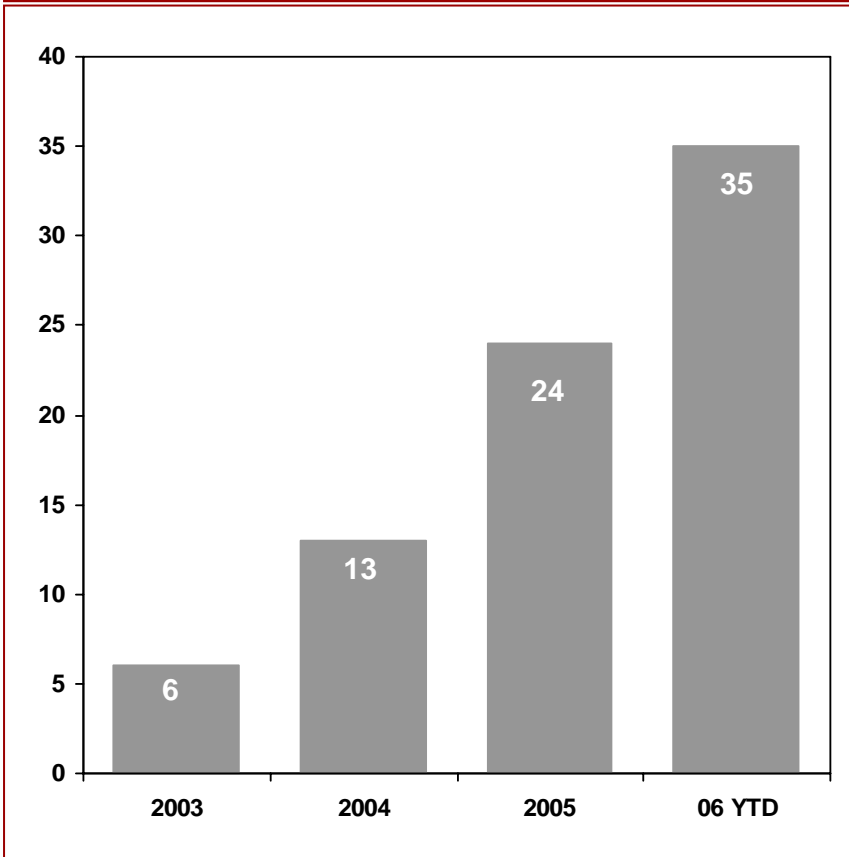


Operating Revenues (MNOK) – YoY View

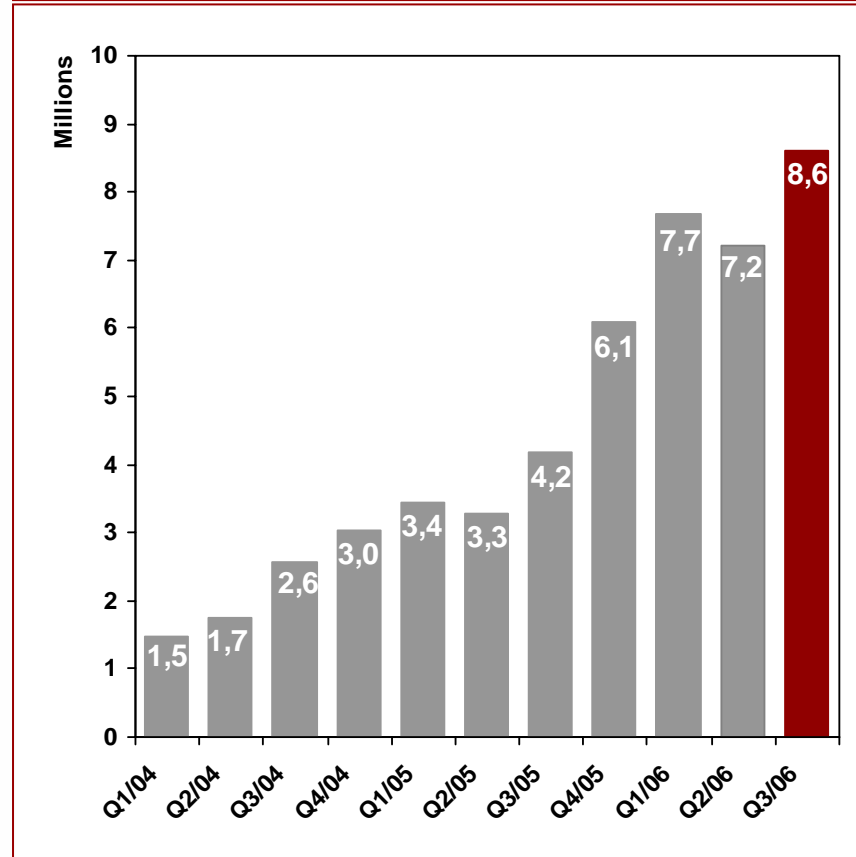


Mobile phone shipments have been a key driver of revenue growth

Phone models shipped with Opera pre-installed



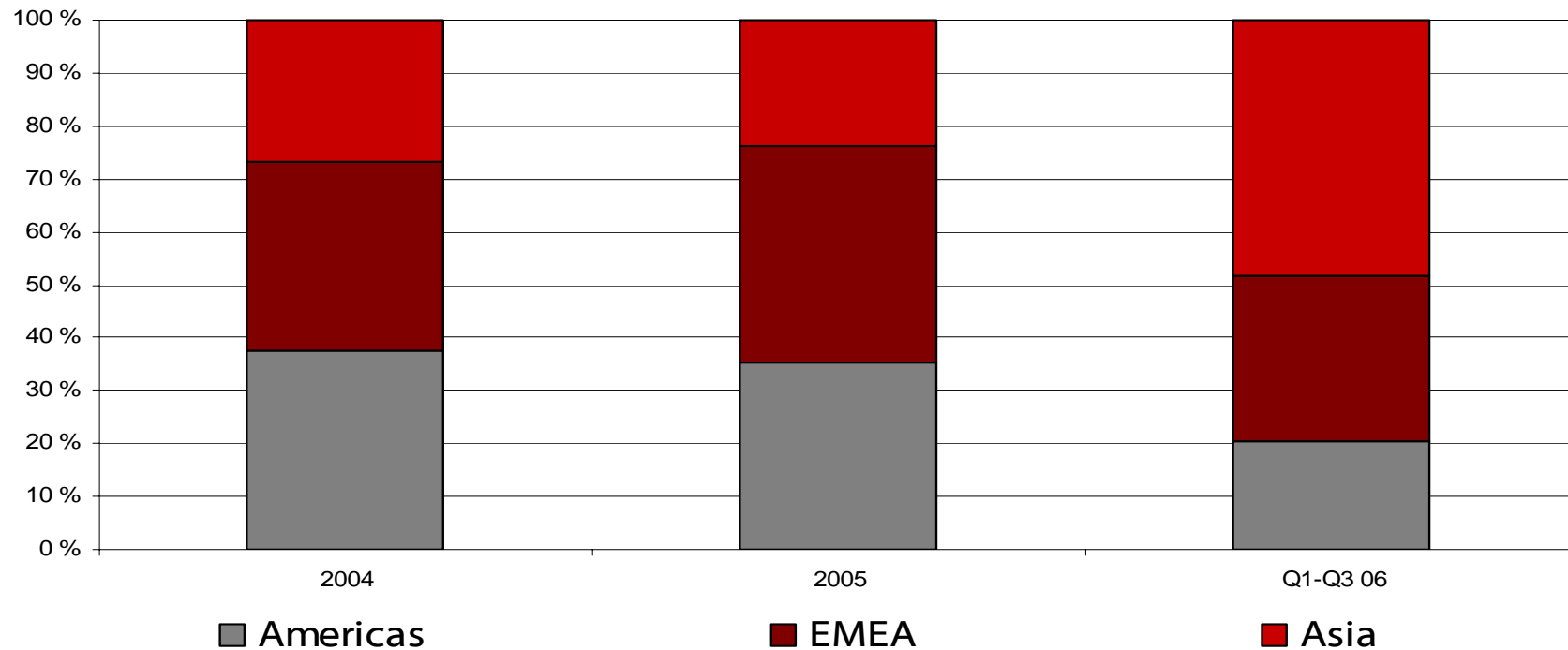
Mobile phones shipped with Opera pre-installed



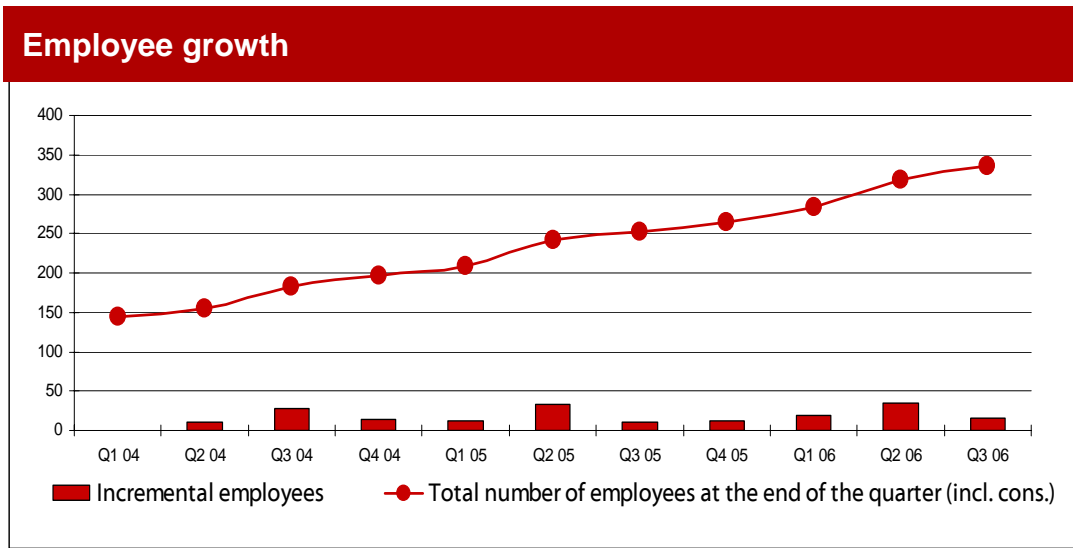
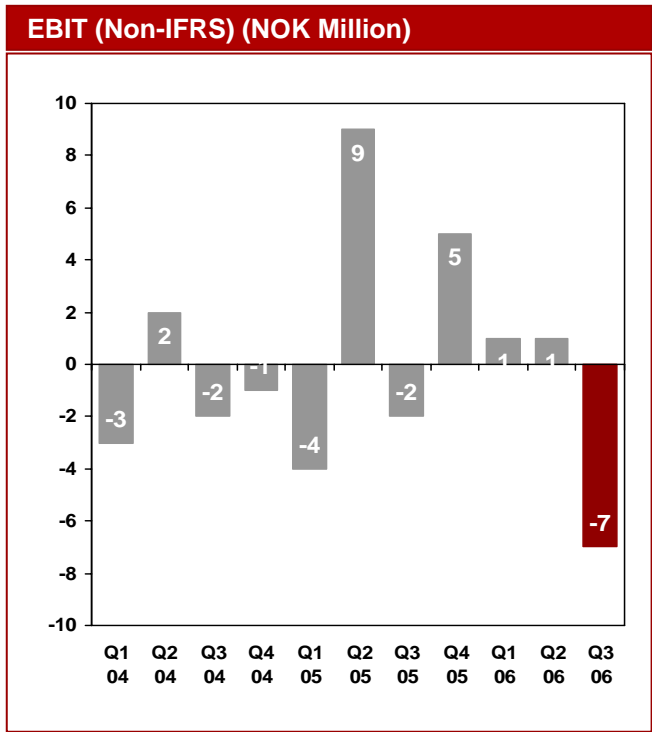
* **Note:** Q306 includes an estimate for unit volumes for one customer. We will update this information once we receive the actual figures.

Japan has been an important driver of revenue growth

Revenue breakdown by region

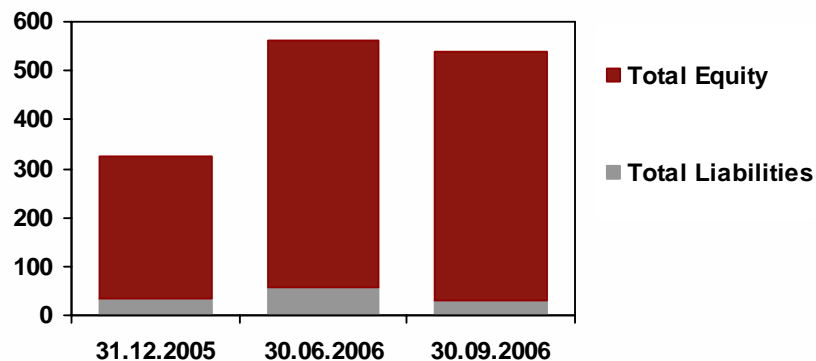
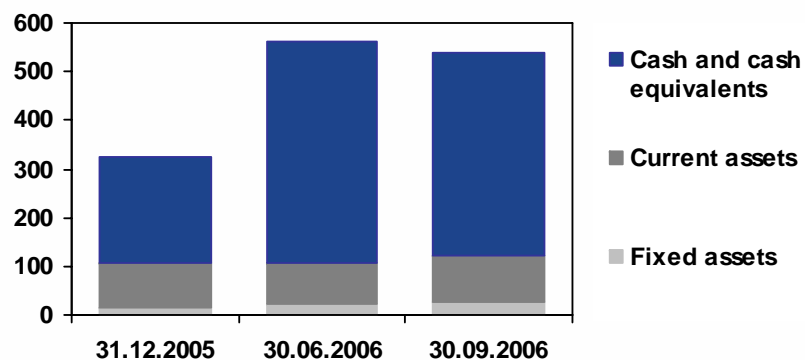


Key investments have been made in engineering and sales & marketing capabilities, increasingly on a global basis



Strong Capital Structure

Balance Sheets



Balance Sheet (kNOK)

Q3 06

Q2 06

Assets

Deferred Taxes	5 954	5 210
Goodwill	3 143	3 143
Fixed Assets, Net	16 259	14 553
Accounts Receivable	35 963	23 323
Accrued, but Unbilled Revenue	56 583	55 310
Other Current Assets	5 546	5 139
Cash and cash equivalents	415 982	456 727

Total Assets	539 430	563 405
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Liabilities & Equity

Accounts Payable	3 326	3 084
Other Liabilities	28 116	52 664

Total Liabilities	31 441	55 748
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Common stock	2 339	2 332
Additional paid-in-Capital	441 022	435 607
Retained earnings	64 629	69 718

Total Equity	507 989	507 657
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Total Liabilities and Equity	539 430	563 405
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2 Top financial questions



How do you measure operational performance ?

How do you monitor financial performance ?

What are your key financial metrics ?

How can we better understand operating expenses ?

Is Opera scaleable ?

How do you generate revenue today versus tomorrow ?

How do you achieve sustainable profitability ?

How do you measure operational performance?

“Business to Consumer”

Business Unit	Operational Metrics
Desktop	<ul style="list-style-type: none">● Number of searches per day● Number of users and growth● Geographic distribution of users/market share● Number of distribution deals
Mini Opera branded	<ul style="list-style-type: none">● Cumulative users● Cumulative page views● Number of active users and growth● Number of page downloads/active users● Number of phones pre-installed● Number of/leverage from distribution deals
My Opera	<ul style="list-style-type: none">● Number of registered users● Page views



How do you measure operational performance?

“Business to Business”

Business Unit	Operational Metrics
Devices	<ul style="list-style-type: none"> Number of shipments and growth Number of devices Types of devices (in top 5 segments*) Number of/penetration within top OEMs
Mobile (full browser)	<ul style="list-style-type: none"> Number of shipments and growth Number of phones Number of/penetration within top operators Number of/penetration within top OEMs
Mobile (Mini) Opera Branded Customer Branded	<ul style="list-style-type: none"> Number of phones pre-installed Number of active users per month and growth Number of tier one and tier two operators Number of/penetration within top OEMs

* Gaming consoles, TVs, Set-top boxes, portable media players and IP Screen Phones



How do you measure financial performance?

Business Unit	Financial performance
Desktop	<ul style="list-style-type: none"> ● Revenue per 1000 searches ● Revenue share ● Profit & loss statement [Revenue growth]
Mini Opera branded	<ul style="list-style-type: none"> ● Revenue per 1000 searches ● Revenue share ● Monthly subscriptions ● Profit & loss statement [Revenue growth]
My Opera	<ul style="list-style-type: none"> ● Profit & loss statement [Revenue growth]
Devices	<ul style="list-style-type: none"> ● Royalty pricing ● Revenue mix (license vs. development fees) ● Prepaid royalties ● Profit & loss statement [Revenue growth]
Mobile (full browser)	<ul style="list-style-type: none"> ● Royalty pricing ● Revenue mix (license vs. development fees) ● Prepaid royalties ● Profit & loss statement [Revenue growth]
Mobile (mini) Opera Branded Customer Branded	<ul style="list-style-type: none"> ● Revenue per active user ● Revenue mix (license vs. development fees vs. other)



How do you measure financial performance?

Overall	Financial Performance
<p>Opera Corporate</p>	<ul style="list-style-type: none"> • Revenue growth • Revenue mix <ul style="list-style-type: none"> • License vs. development fees • Recurring revenue vs. one time revenue • Search revenues • EBITDA margin • Revenue per employee • Receivable Days Outstanding (DSOs)



How do you monitor financial performance?

Annual Planning Process

- Strategic plan development
- Bottoms up budgeting process
- Top down budgeting approach
- Board approval

Monthly Reviews

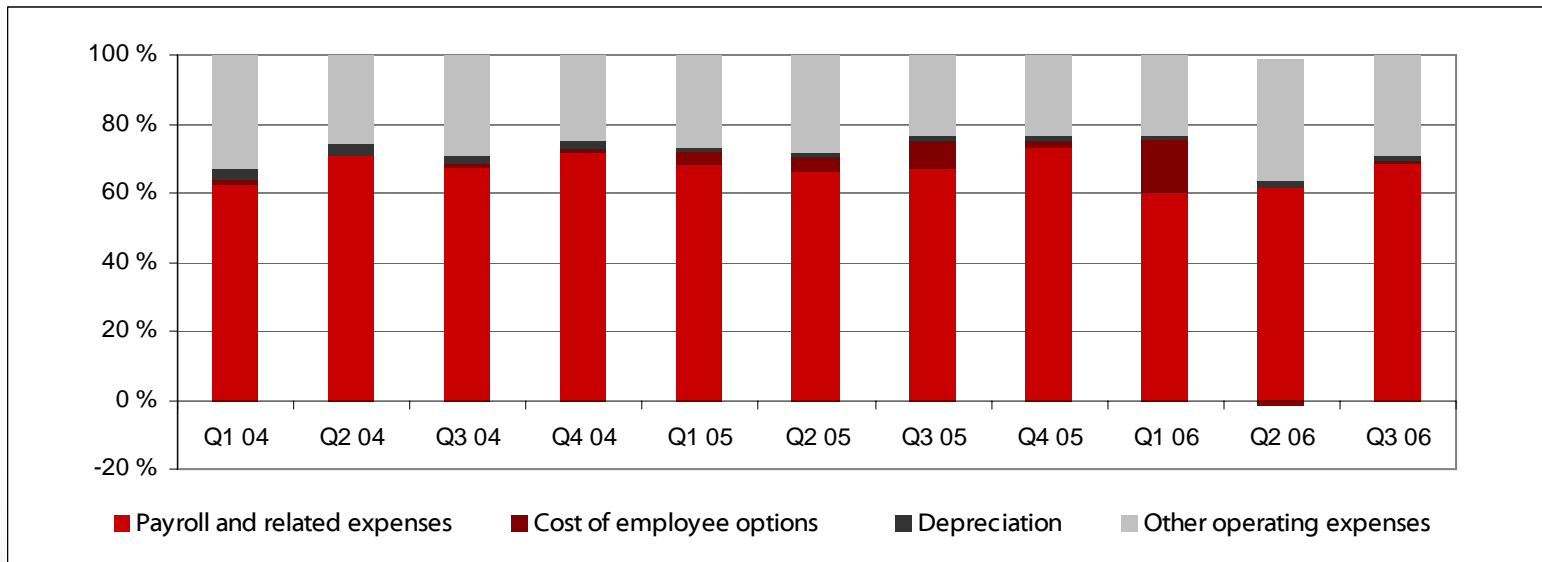
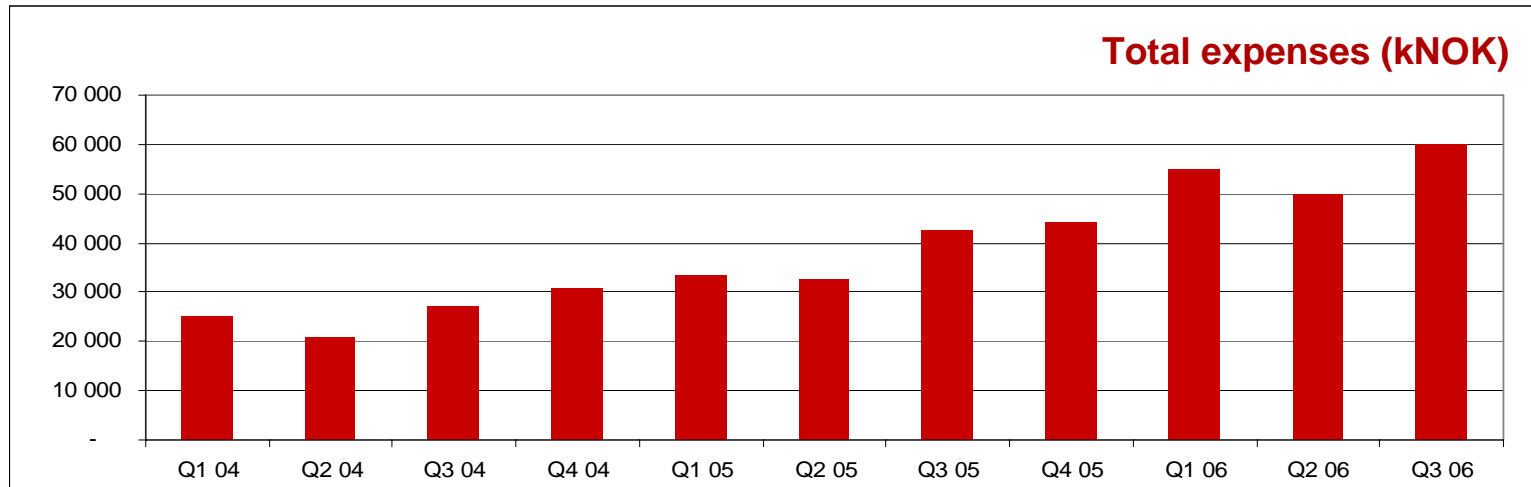
- Periodic updates to 6 month rolling forecast
- Business unit, functional & country level
- Adjustments when and where required

Ongoing Processes

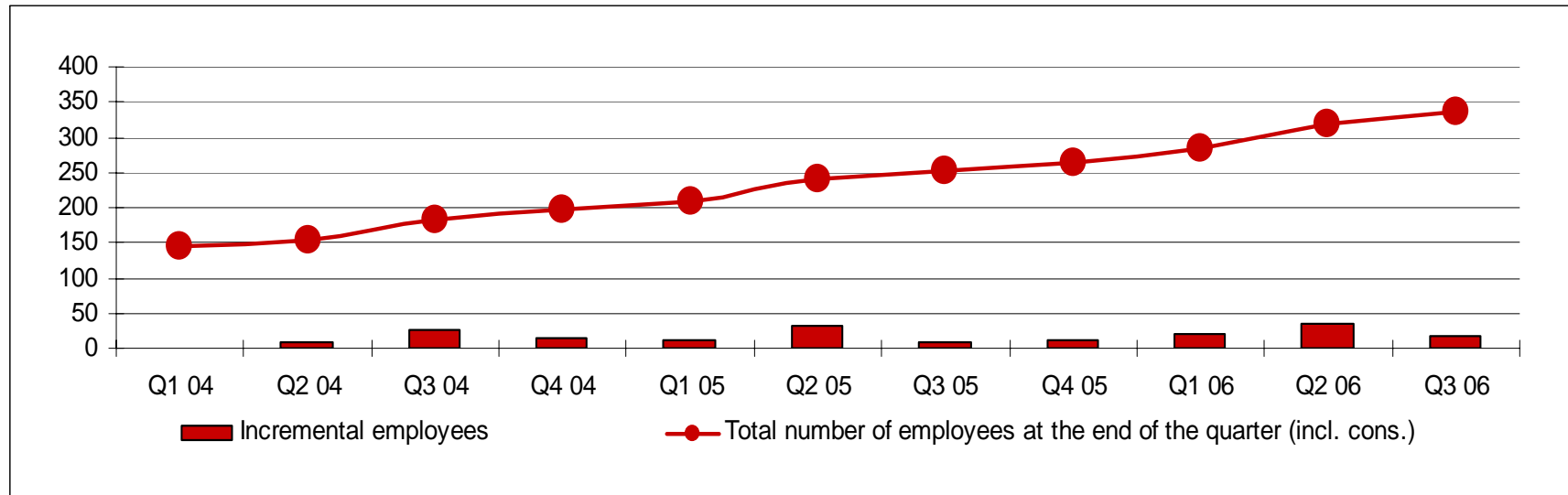
- Weekly sales pipeline meetings
- Weekly forecast meetings
- Budget vs. forecast vs. actuals analysis
- Weekly executive meetings



How can we better understand operating expenses?



How can we better understand operating expenses?



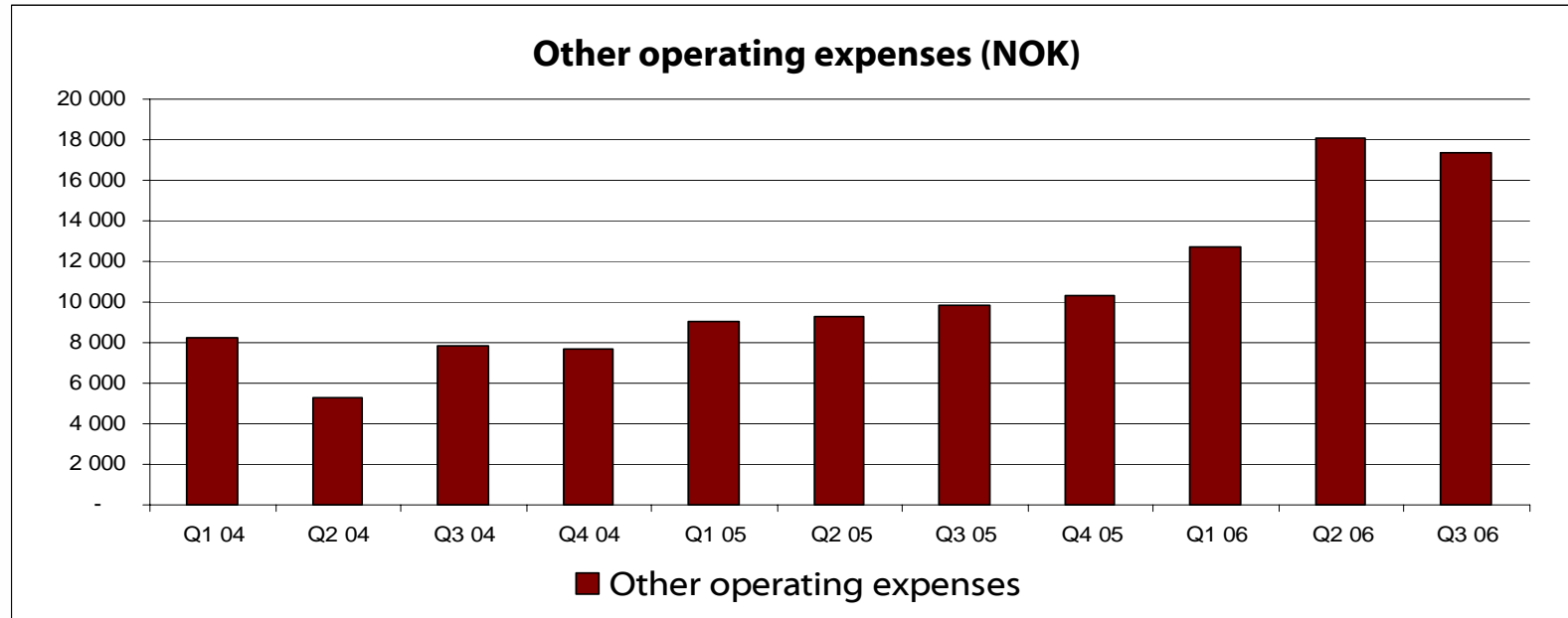
Employees by region*

EMEA	322
ASIA	36
AMERICAS	13
Total	371

* as of November 30, 2006



How can we better understand operating expenses?

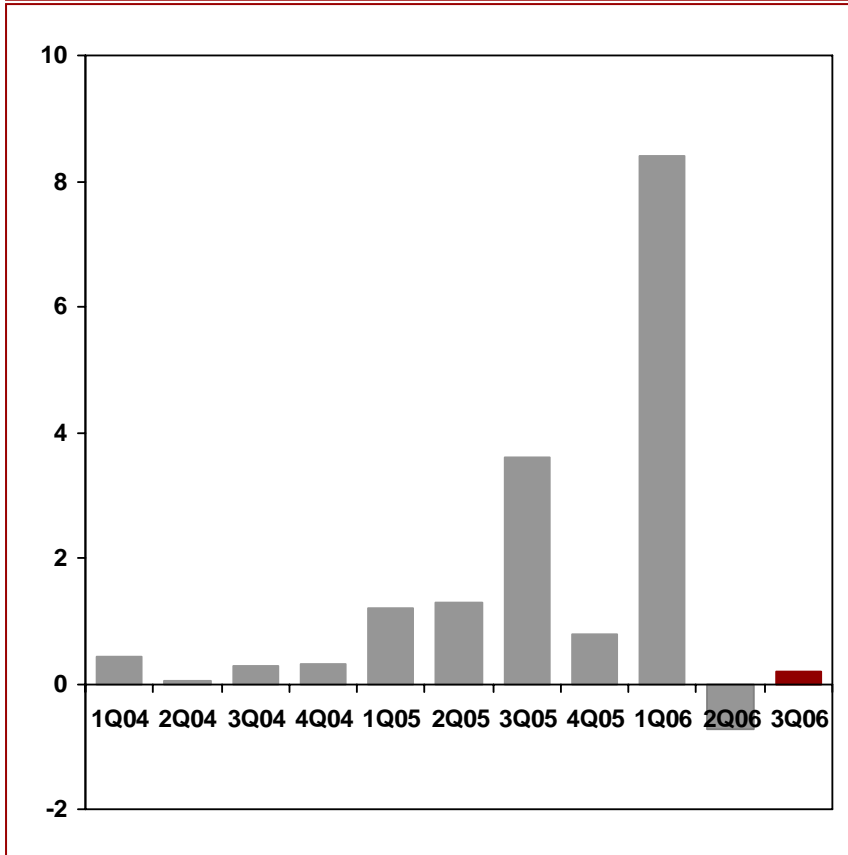


Other operating expenses: Key drivers (Top 5)

- Office rent
- Travel
- Furniture, Fixtures & Equipment (expensed vs. capitalized)
- Marketing
- Audit, legal, other fees

How can we better understand operating expenses?

Total Stock Options costs (MNOK)



Key Attributes

Two components

- IFRS 2 (non-cash cost)
- Social security taxes

IFRS 2 cost is about MNOK 1.5/Q

- Fixed amortization from grant date
- Current cost is ~NOK 7/new option over 4 years
 - Close to 50% amortized in 1st year due to "graded vesting"

Social security taxes are directly affected by quarterly fluctuations in stock price

Note: Above info is based on stock price as of 08.12.06



Is Opera scaleable?

A Historical perspective: Desktop and Mobile

Search as % of Total Desktop revenue

Q104	< 15%
Q304	> 25%
Q305	> 40%
Q306	> 70%

More users + more distribution = more revenue

License as % of Total Mobile Revenue

Q104	> 15%
Q304	> 15%
Q305	> 50%
Q306	> 65%

Already have 10 OS Ports = Royalties*

* Opera Full Browser



Is Opera scaleable?

Devices: Key Characteristics of Market

- Greater standardization on operating systems
- e.g., Linux and Windows CE have major share
- Opera offers an SDK, meaning significantly less engineering time for most prospects
- Of the projects currently underway, ~50% are Linux-based
- A typical SDK project will take 500-1000 hours vs. 5000-10,000 hours for a new port

Mini

- Desktop-like scalability from a revenue standpoint
- Key strategy: Get distribution and market share
- Opera branded Mini is a “portal” – multiple ways to monetize the users



Is Opera scaleable?

Opera is making a conscious choice to continue to invest meaningfully in its business, while Desktop and Mobile achieve increasing scale

Rationale is simple:

- This is a “land grab” in nascent/rapidly evolving markets. Now is the time to invest.
- The mobile Web is in its infancy and OEM/operator adoption is growing rapidly.
- Faster networks, increasing phone functionality/capabilities and dramatically expanded mobile oriented content will accelerate consumer adoption
- The devices market is set to take off in a big way, as more and more device types become “connected”
- Opera feels well-positioned to take advantage of the mega trends.



How will Opera generate revenue today versus tomorrow?

2006

Primarily B2B oriented software component supplier

- **License**
- **Development fees**
- **Maintenance support**

2009

Both a B2B and B2C player, with a strong, global brand

Typical software company revenue model, balanced nearly equally by:

- **Search**
- **Advertising**
- **Revenue shares (eCommerce)**
- **Subscriptions**



How do you achieve sustainable profitability?

Opera is committed to profitable growth in 2007 and beyond*

Revenue

- Continued ramp-up in Mobile BU among operators and top OEMs
- Accelerate momentum among Device OEMs
- Significantly greater focus on scalable B2C segments – Desktop and Mini
- Leverage in a much greater way Opera's cross-platform position
- Differentiation and innovation on products and services, and monetize it

Costs

- Slower headcount growth in 2007 (expect ~90 net increase in employees)
- Profit & Loss visibility, responsibility & accountability at the Business Unit level
- New reporting systems
- More rigorous business casing
- Greater product development prioritization
- More efficient customer deliveries and R&D

* Defined as EBITDA (excluding stock option expenses)

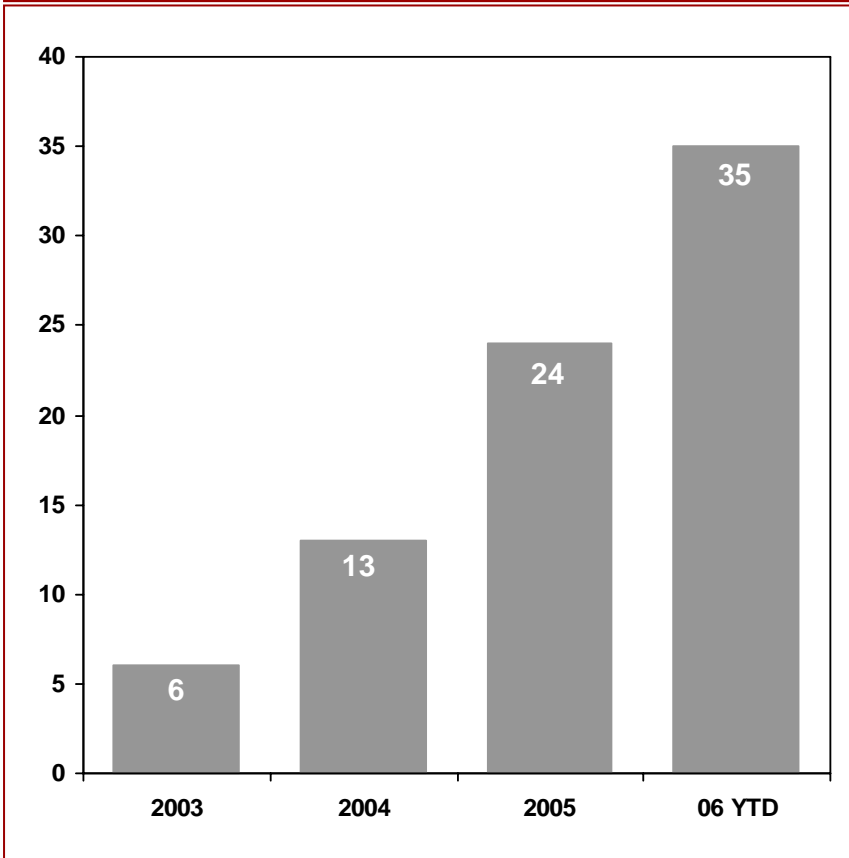


3 2007 priorities and outlook

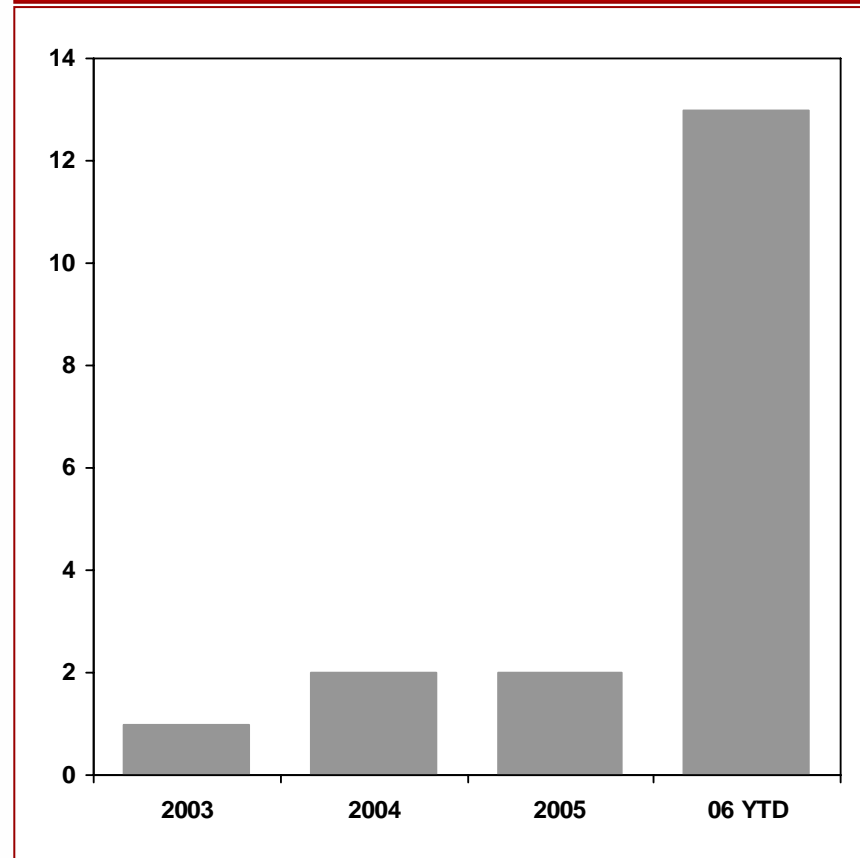


2006 provides a strong platform for 2007

Phone models shipped with Opera pre-installed

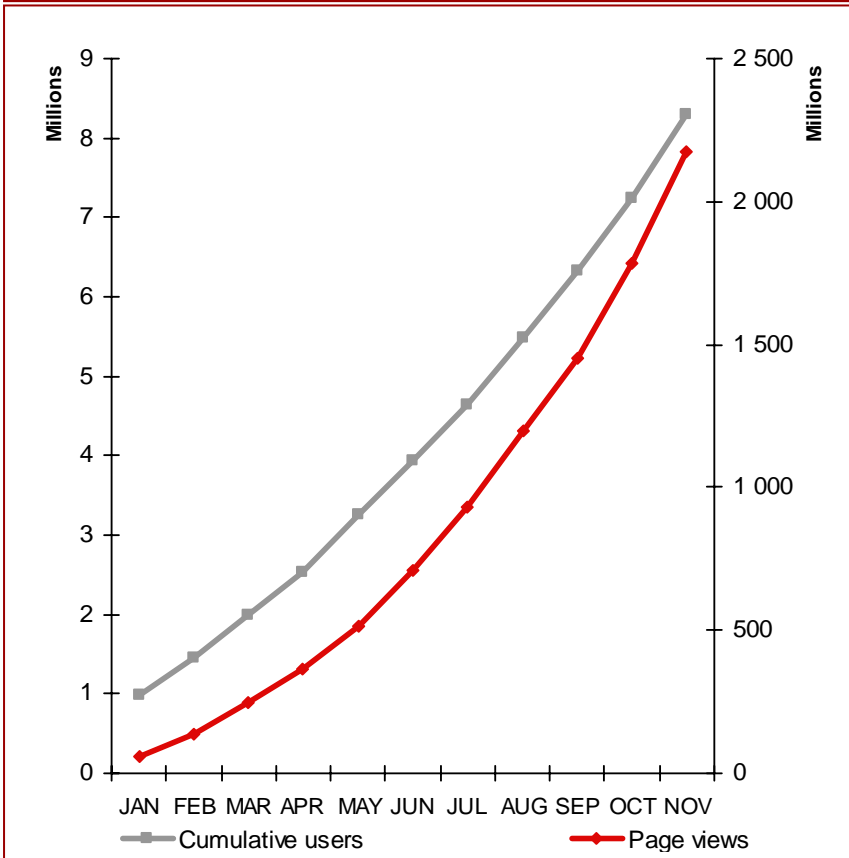


of Device Announcements

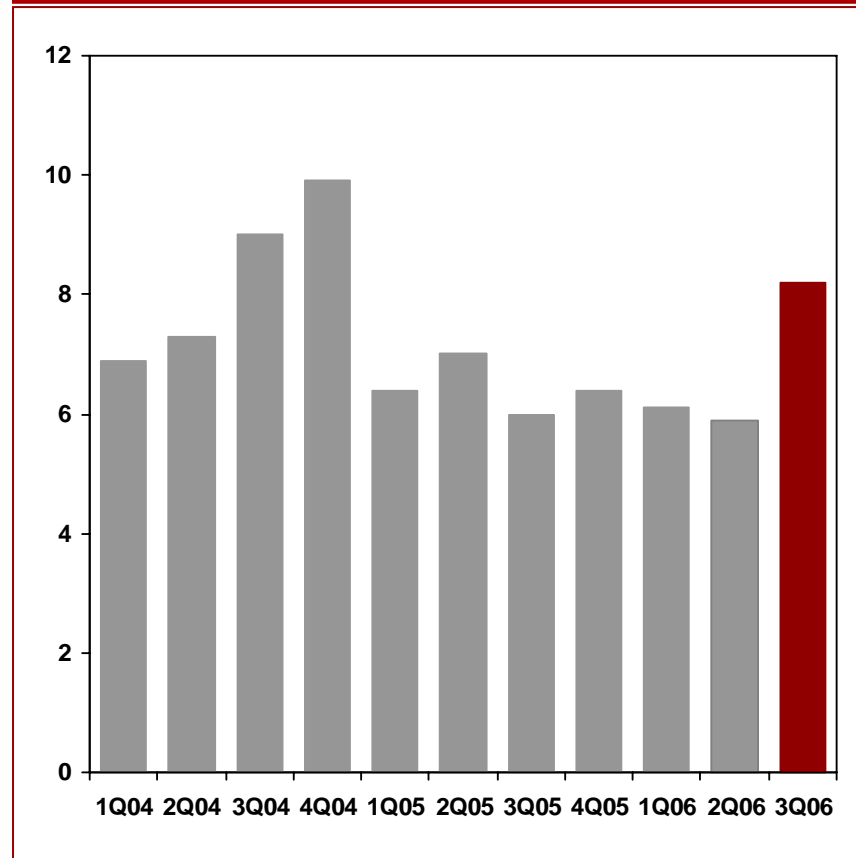


2006 provides a strong platform for 2007

Cumulative Opera Mini Users and Page Views



Opera Desktop Revenue (MNOK)



Note: A cumulative user is a user who has downloaded Opera Mini to his/her phone and used it to access at least one web page.

2007: Financial Goals

	2007 Goals	2009 Goals
Revenue growth	Accelerated growth vs. 2006 vs. 2005	Accelerated growth from 2007
EBITDA margin*	Single digits	20%+

Note: This does NOT constitute financial guidance.

* Excludes stock option costs. Due to uncertainty regarding changes in the stock price in the future and the extent of future option grants, stock option costs have been excluded.



2007: Operational Goals

Business Unit	Plan/Investments	2007 Goals
Desktop	<ul style="list-style-type: none"> ● Increased target customer/geographic focus ● Greater local resources ● Increased marketing 	50% increase in number of users
Devices	<ul style="list-style-type: none"> ● Continued focus on Tier 1 OEMs ● Increased ramp up of global sales org ● Bigger investment in R&D and customer delivery capabilities 	20 device announcements
Mini B2C	<ul style="list-style-type: none"> ● Increased target customer/geographic focus ● Greater local resources ● Increased marketing 	30 million cumulative users 10 billion cumulative page views
Mobile Mini B2B	<ul style="list-style-type: none"> ● Even greater focus on Operators ● Increased ramp up of global sales org ● Bigger investment in R&D and customer delivery capabilities 	100 new phone announcements (Mobile and Mini) with Opera pre-installed 50% increase in shipments with Opera pre-installed vs. 2006
Opera Community	<ul style="list-style-type: none"> ● Increased investment in quality and extent of services ● Heightened focus on user acquisition, retention and frequency of use 	Increase registered users by 100%

Note: This does NOT constitute financial guidance

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