



**Opera Software: Fourth quarter 2010**

**One year ago, we asked**

**“How to deliver  
revenue on 46.3 million  
mobile users”** (4Q09 presentation)

**Today, we give you the answer.**

**The answer is**

**11.5**

million operator Opera Mini users in January 2011.

Up from 1.7 million twelve months earlier

# 4Q 2010 Financial highlights

	Financial metric	4Q10 Status report (MNOK)	4Q09 (MNOK)
Revenue	Total revenue	193.6	142.6
Profitability	Adj. EBITDA*	45.4	11.6
	EBIT**	34.6	4.7

- Strong revenue growth from operators, device OEMs and desktop
- Continuing to see a shift in revenue mix towards license revenue
- Revenue and EBIT would both have been 4 MNOK higher on guided FX rates for 4Q10

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

\*\* Excludes one-time costs

# Highlights (1Q10 – 1Q11TD)

## Operators

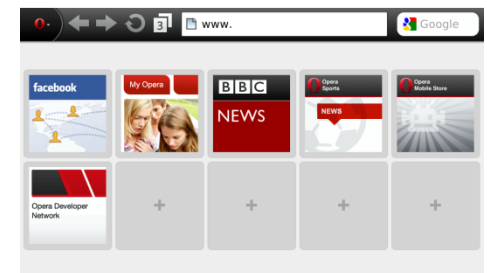
- Very strong growth in volume of active, monthly users consuming petabytes of data - creating significant business value for leading operators worldwide
- Key growth customers: Vodafone, AT&T, Telkomsel, TIM Brazil, MTN South Africa, MTS Russia and Telenor

## Mobile/Devices

- Signed a global, strategic deal to embed Opera on Sony BRAVIA TVs and Blu-Ray players
- Qualcomm will pre-install Opera Mini on its flagship Brew Mobile Platform
- Opera rides the tablet trend. Tablets with Opera shipping with Toshiba. Consumer versions are under launch.

## End users

- In 2010, Opera proved its ability to deliver ARPU on consumer products
- 170+ million people use Opera every month
- New mobile versions launched
- Opera 11 introduced





# **Financial** review

# A note from our lawyers

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# 4Q 2010 Financial highlights

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Revenue	Total revenue	193.6	142.6
Profitability	Adj. EBITDA*	45.4	11.9
	EBIT**	34.6	4.7
Cash generation	Operating Cash Flow	25.5	-14.3
	Free Cash Flow***	11.6	-24.6

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

\*\* Excludes one-time costs

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

# Currency impact 4Q10

	4Q 2010 Mid-Point Guidance* (Nov 18)	4Q 2010 Actuals	4Q 2010 at Guidance FX Rates*
Revenue	MNOK 189	MNOK 194	MNOK 198
EBIT	MNOK 34	NOK 35	MNOK 39

\*Provided at 3Q10 Presentation

# 4Q10 Financial review

MNOK	4Q2010*	4Q2009	Q on Q		2010**	2009	Y on Y
Desktop +	70.9	50.4	41%		242.3	184.9	31%
Internet Devices +	122.7	92.2	33%		450.0	427.8	5%
Total revenue =	193.6	142.6	36%		692.2	612.7	13%
Payroll and related expenses -	104.9	92.6	13%		394.9	389.6	1%
Stock option costs -	4.3	3.9	11%		17.6	14.1	25%
Depreciation and amortization -	6.5	3.3	97%		22.9	13.3	73%
Other operating expenses -	43.3	38.1	14%		153.2	141.5	8%
Total expenses =	158.9	137.9	15%		588.6	558.4	5%
EBIT *	34.6	4.7			103.6	54.3	
Net Income	5.2	4.0			49.9	30.9	
EPS (NOK)	0.04	0.03			0.41	0.26	

\*Excludes an extraordinary one-time charge of MNOK 5.5 in 4Q10

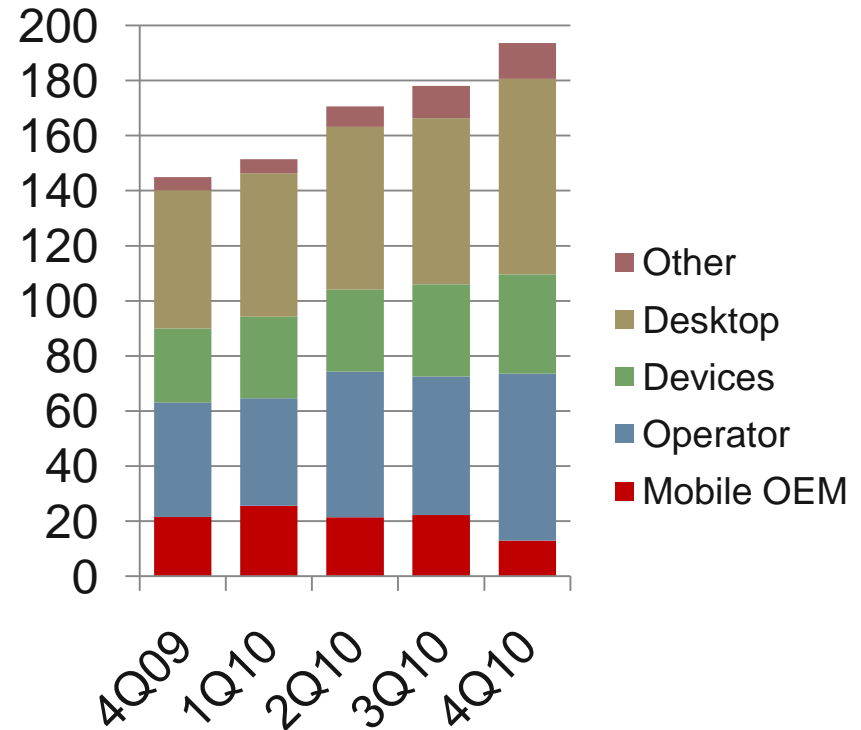
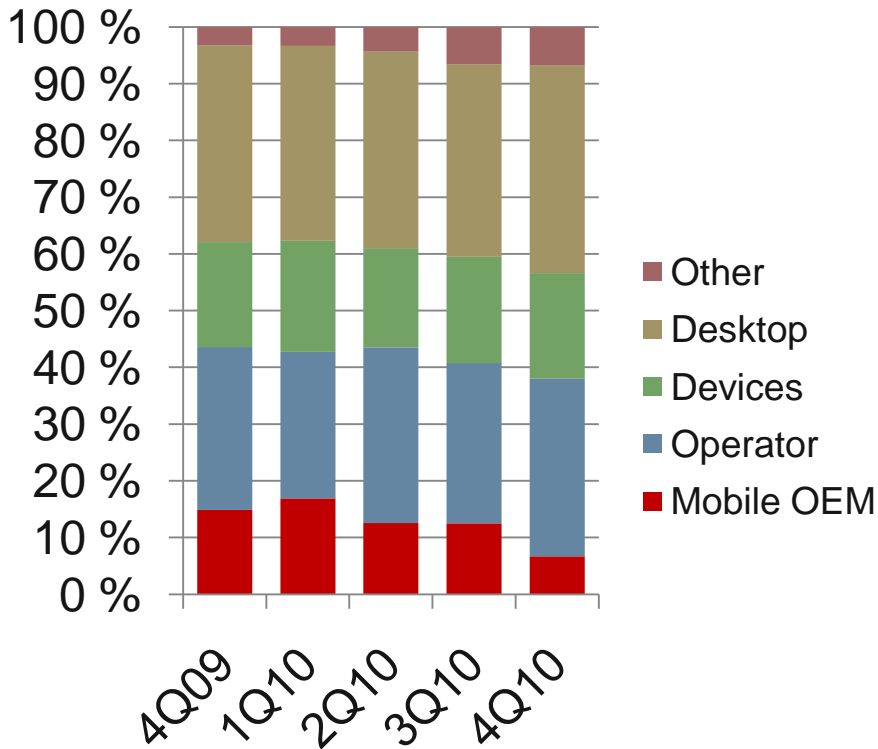
\*\* Excludes an extraordinary one-time charge of MNOK 29.1 in 1Q10 and MNOK 5.5 in 4Q10

# Revenue growth drivers

- Active users with operators
- Desktop users
- Opera Mini user base and ARPU
- Agreements with Connected TV vendors

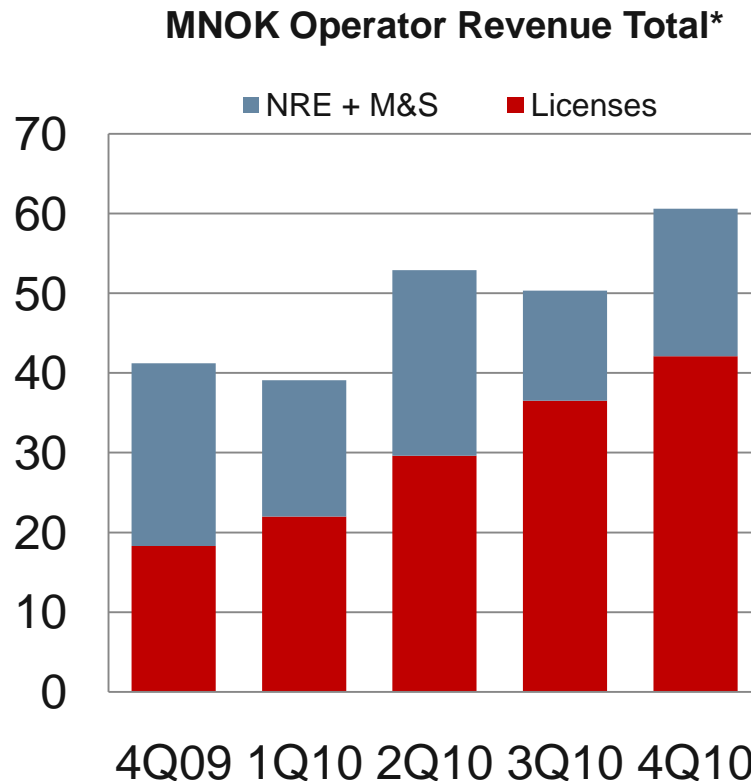
# Revenue: Customer Type (4Q10)

- Overall revenue higher than expected
  - Operator revenue as expected
  - Desktop revenue stronger than expected
  - Device revenue stronger than expected
  - Mobile OEM down as expected
  - Other Revenue better than expected, with good contribution from AdMarvel



# Revenue: Operators (4Q10)

- Operator revenue up as expected, with solid license revenue growth
  - 523% Operator Opera Mini user growth December 2010 vs. December 2009
  - User growth driven by Motricity (AT&T), Telkomsel, Vodafone and MTS in particular
  - ARPU as expected
  - Overall revenue growth: 47% versus 4Q 09



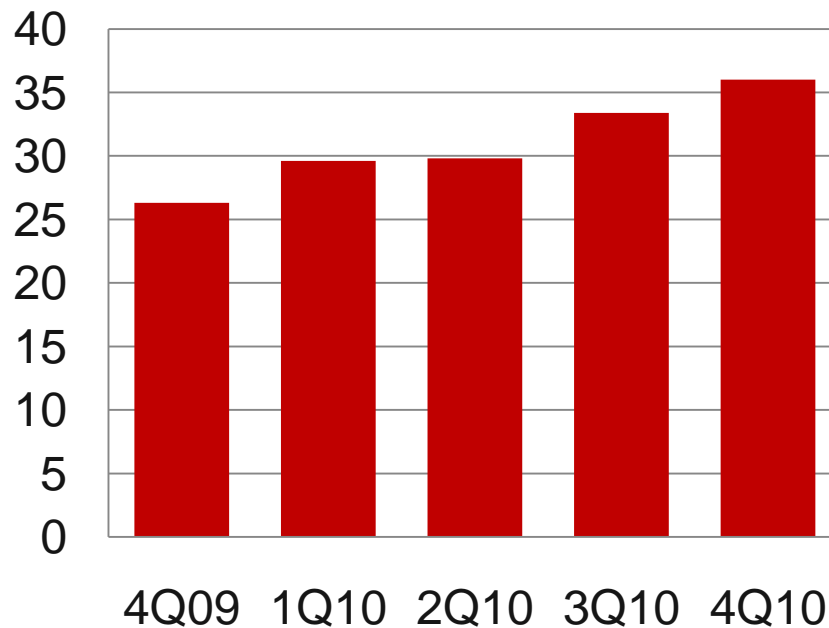
Note: Opera Mobile shipments were 1.6 mm in 4Q10 from Operators

\* Unaudited

# Revenue: Device OEMs (4Q10)

- Device OEM revenue stronger than expected due to solid shipments
  - Revenue driven primarily from the gaming console and ConnectedTV segments
  - License revenue: 75%+ of revenue
  - Overall revenue growth: 37% versus 4Q 09

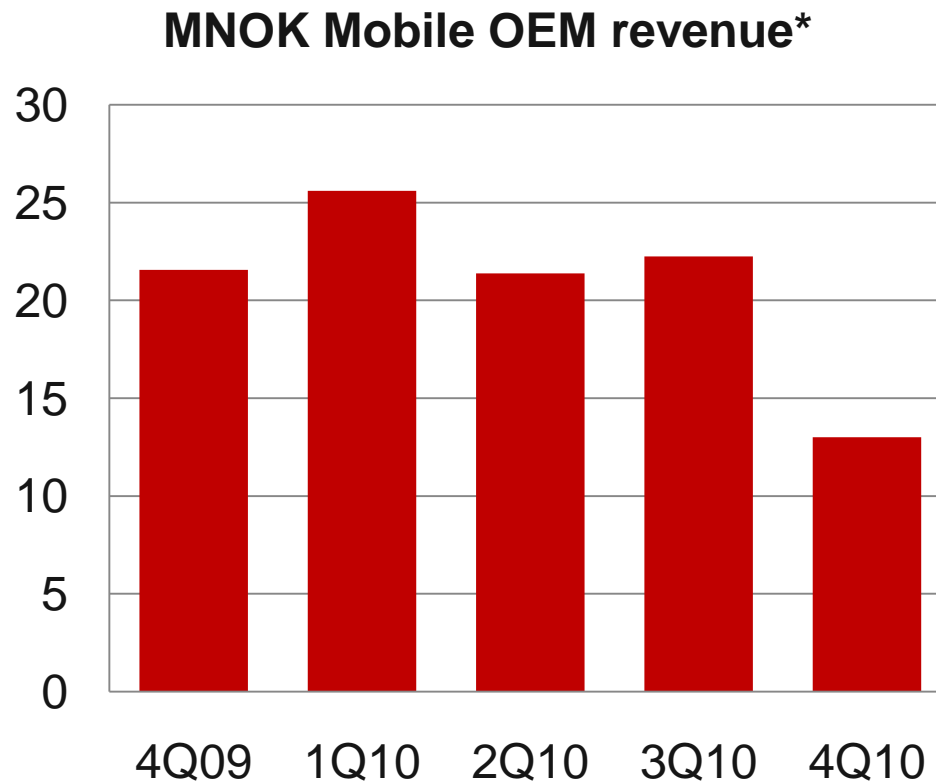
**MNOK Device OEM Revenue\***



\* Unaudited

# Revenue: Mobile OEMs (4Q10)

- Mobile OEM revenue down as expected, due to low shipments and low NRE
  - License revenue: 55%+ of revenue
  - Overall revenue growth: - 40% versus 4Q 09



Opera Mobile shipments were 0.4 mm in 4Q10 from Mobile OEMs

\* Unaudited

# Revenue Type: Internet Devices (4Q10)

- NRE revenue relatively flat as expected
- M&S revenue slightly higher than expected
- Opera Mini revenue generally as expected, with strong growth in license revenue

Revenue type*	4Q09 (MNOK)	1Q10 (MNOK)	2Q10 (MNOK)	3Q10 (MNOK)	4Q10 (MNOK)	4Q10 vs. 4Q09
NRE	28	34	29	19	18	- 36%
M&S	14	11	11	10	13	- 7%
Total Opera Mini**	20	22	35	40	48	+ 140%

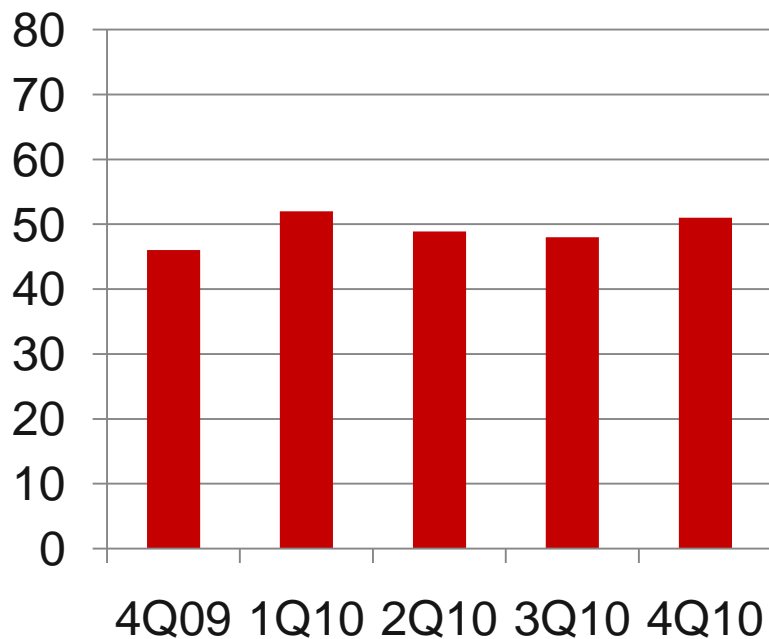
\* Unaudited

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

# Revenue: Desktop (4Q10)

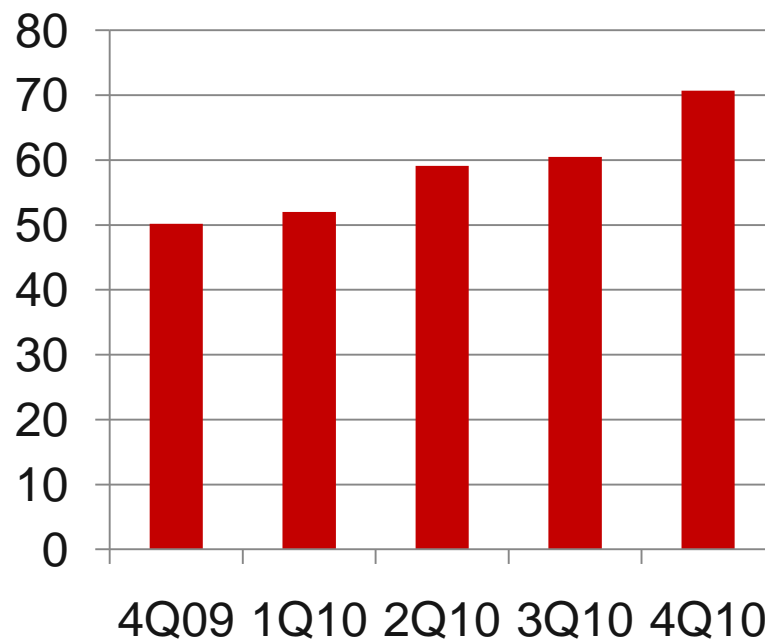
- Desktop revenue higher than expected
  - Desktop user growth as expected
  - Higher ARPU than expected due to higher search and content partnership revenue
- Overall revenue growth: 41% versus 4Q09

Monthly Desktop users\*  
(last month of quarter)

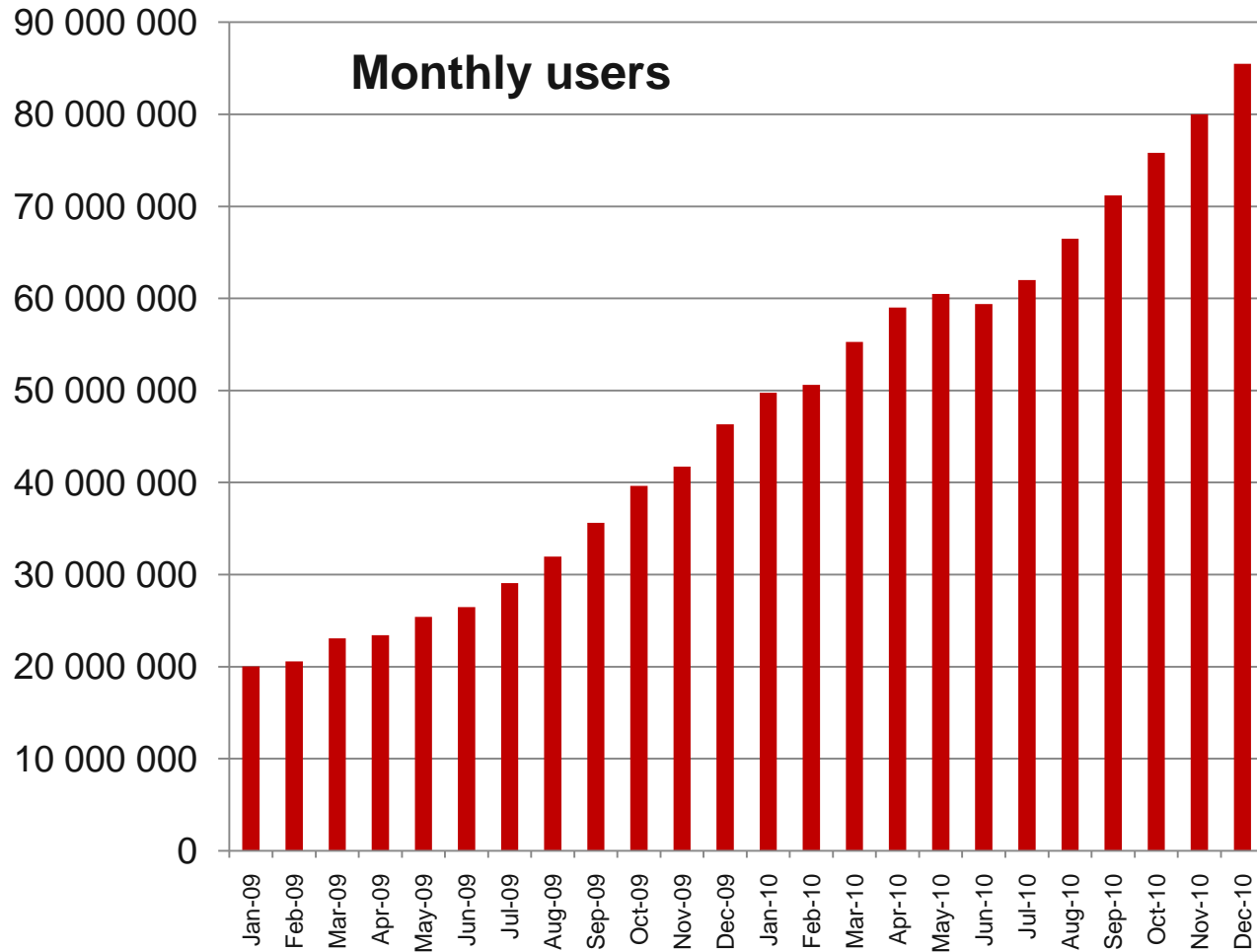


\* Unaudited

Desktop Revenue\*  
(MNOK)



# Revenue: Opera-branded Opera Mini (4Q10)



- Growth continues
- High focus on converting users to Operator branded or Co-branded revenue generating users
- Increasing ARPU on 100% Opera-branded users a high priority

# Key user metrics FY2010 - YTD

Metric	January 2010	April 2010	July 2010	October 2010	January 2011
Operator Opera Mini users	2.1* Million	3.5* Million	5.2* Million	7.5* Million	11.5* Million
Opera-branded Opera Mini users	50** Million	59** Million	62** Million	75** Million	90** Million
Desktop	48 Million	52 Million	47 Million	50 Million	53 Million

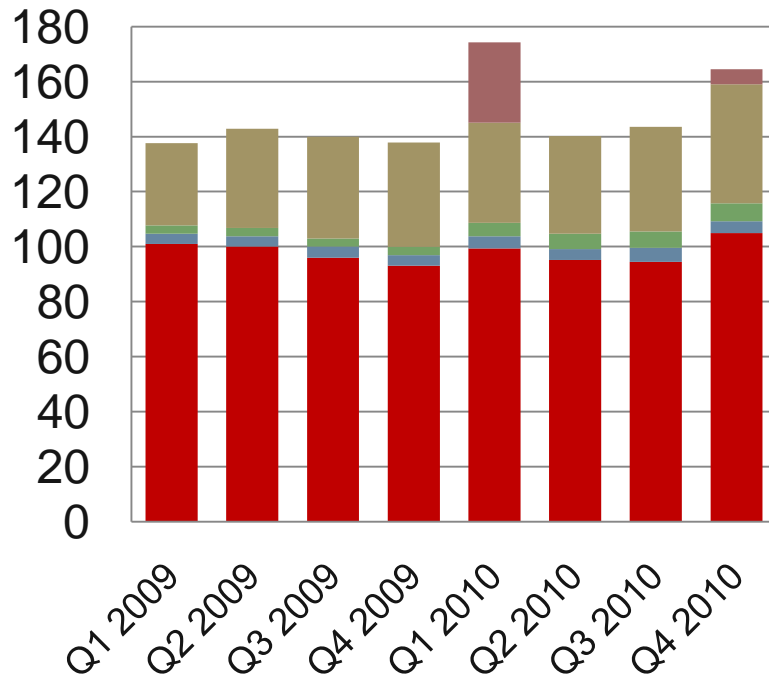
\*Operator branded + Opera/Operator co-branded agreements. Unaudited.

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

# OPEX development

OPEX (NOK Million)

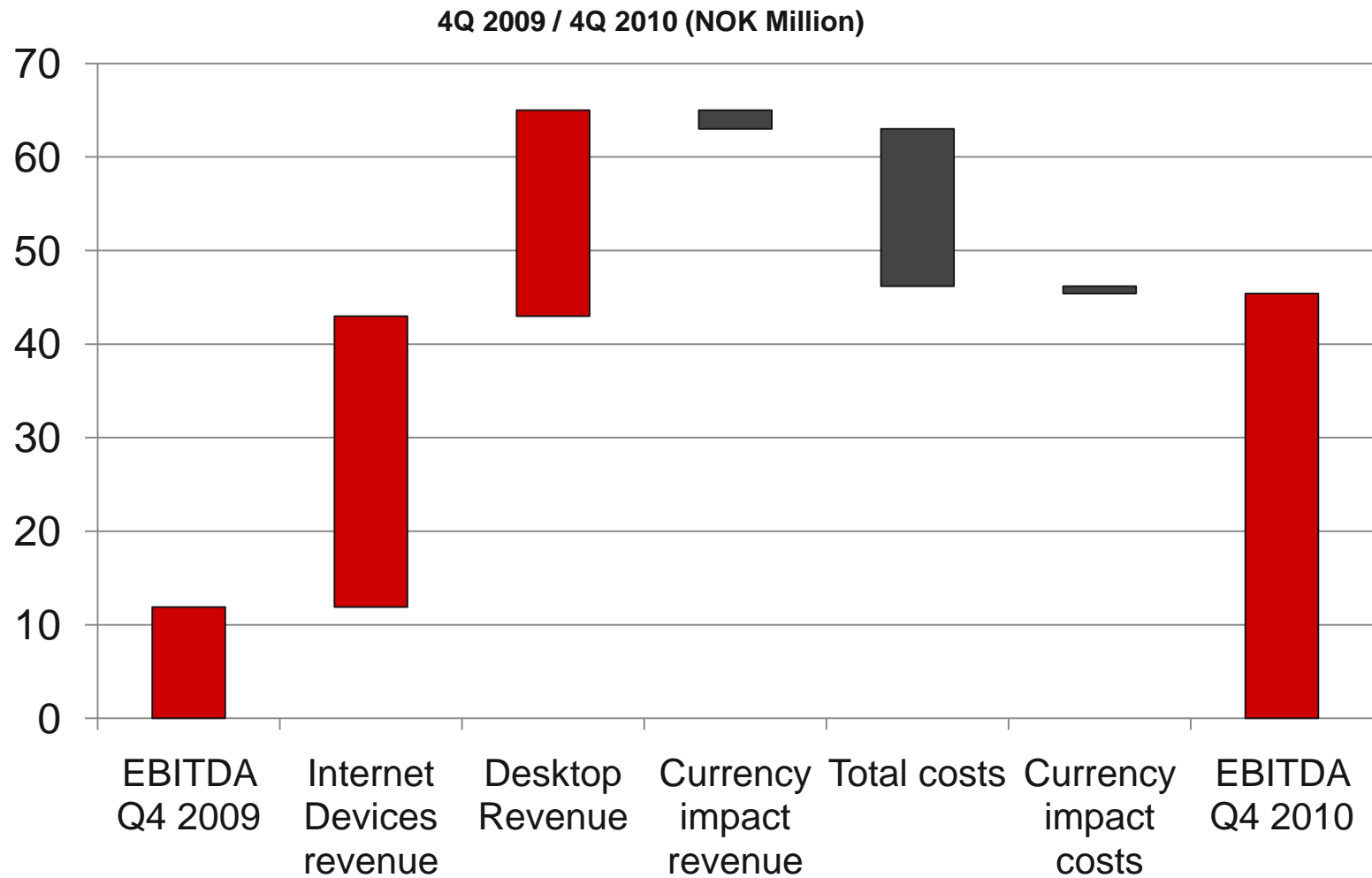
- One time extraordinary cost
- Other OPEX
- Depreciation
- Stock Options
- Payroll



\* Unaudited. Also includes relevant depreciation.

Cost line	4Q10 vs. 4Q09	Comments
Payroll	13%	• Higher compensation expense/employee compared to 4Q09 (including result of stronger FY2010 performance vs. FY2009)
Stock options	11%	• New employee option grants issued during the last twelve months.
Depreciation & Amortization	97%	• Investments in primarily Opera Mini server hosting infrastructure • Amortization related to acquisitions of AdMarvel and Fastmail
Other OPEX	14%	• Hosting costs* of MNOK 12.2 in 4Q10 versus MNOK 7.4 in 4Q09
Total Expenses	15%	• Generally good cost control

# EBITDA\* development



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

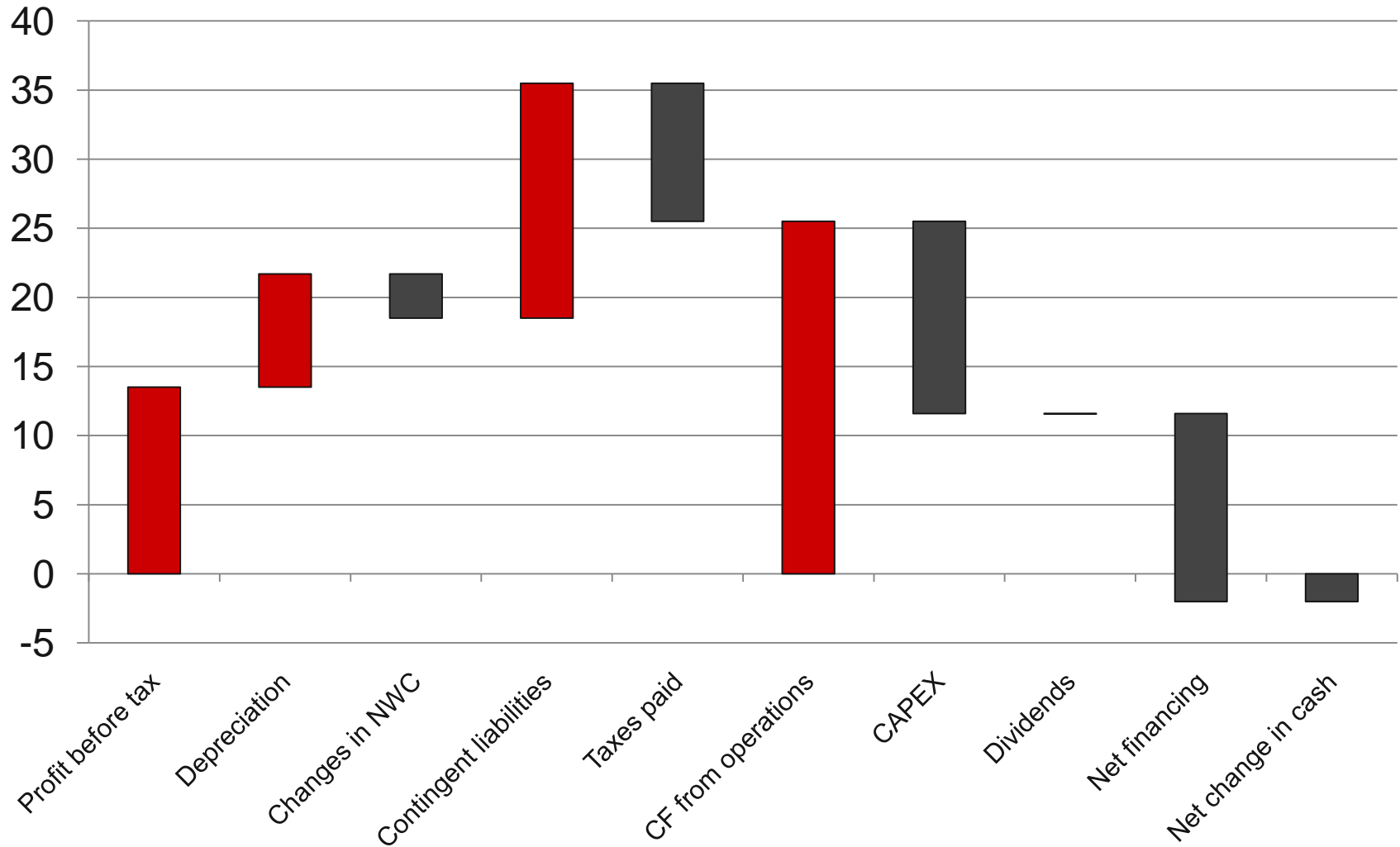
# Strong capital structure

Balance sheet highlights:

Metric	4Q10 (MNOK)	4Q09 (MNOK)
Cash	507	546
Interest bearing debt	0	0
NWC*	-48	-58
Equity	623	587

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

# Cash flow 4Q10 (MNOK)



# Comments about extraordinary cost items

Element	Comments
Revaluation of contingent consideration	<ul style="list-style-type: none"><li>• AdMarvel over performance in FY2010</li><li>• Mahi de Silva (CEO of AdMarvel) to become EVP of Consumer Mobile, effective March 1, 2011, reporting to Lars Boilesen, CEO</li><li>• Restructuring of FY2011 earn-out, giving AdMarvel team expanded responsibilities and mandate</li></ul>
One-time Items	Closing of Czech Office
	Move of Norwegian hosting facilities to Iceland
	Write-off of goodwill related to a prior technology acquisition

# 2010 Key KPIs

Metric	2009	2010	Change %
Revenue (MNOK)	613	692	13%
EBIT** (MNOK)	54	104	93%
Adjusted EBITDA *** (MNOK)	82	144	76%
Adjusted EBITDA Margin***	13.4%	20.8%	55%
Operating Cash Flow (MNOK)	64	76	19%
Free Cash Flow (MNOK)	33	44	33%
Opera Mini Operator users*	1.7	10.6	523%
Desktop users*	46	51	11%
Opera Mini B2C users*	46	85	85%

\*December 09/December 10

\*\* Excluding any one-time extraordinary items

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

# 1Q11 Guidance

Metric	1Q 2011
Revenue*	MNOK 203-213
EBIT**	MNOK 35-40

\*Assumes currency remainder of 2011 (NOK 5.8 /USD, NOK 7.9/EUR).

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

# 1Q11 Guidance

		Vs. 4Q10	Comments
Revenue*	Operators	Up	Strong due to Operator Opera Mini active user growth
	Desktop	Flat-Up	Seasonally weaker 1Q
	Device OEM	Down	Seasonally weaker 1Q, coming off very strong 4Q 10
	Mobile OEM	Up	Due to guaranteed minimum license payments
Expenses	Payroll	Up	Primarily due to new hires
	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 costs, travel and marketing.

\*Assumes currency remainder of 2011 (NOK 5.8 /USD, NOK 7.9/EUR).

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

# 2011 Guidance

Metric	2011
Revenue*	MNOK 850-900
EBIT**	MNOK 170-200

\*Assumes currency remainder of 2011 (NOK 5.8 /USD, NOK 7.9/EUR).

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

# 2011 Revenue guidance: comments

Customer Area*	2010 MNOK	2011 (e)**	Comments
Operators	203	Up	Primarily due to Opera Mini Opco user growth
Desktop	242	Up	Primarily due to user growth
Device OEM	129	Up	Strong FY2010, ConnectedTV key market driver
Mobile OEM	82	Down	Limited license revenue and low NREs
Other	37	Up	Admarvel, monetization of Opera Mini Consumer

Revenue Type*	2010 MNOK	2011(e)**	Comments
NRE	100	Down	Standard Opera Mini product for co-branded Operator deals and mobile OEMs
M&S	45	Down	Less mobile OEM business
Opera Mini	145	Up	Due primarily to Operator user growth

Assumes currency remainder of 2011 (NOK 5.8 /USD, NOK 7.9 /EUR).

•Unauditted , supplemental information

\*\* Constant currency

# 2011 Guidance

		Comments
Expenses	Payroll	Up, primarily due to new hires in Opera Mini / Mobile consumer monetization and pay increase (effective beginning of 2Q11)
	Stock option costs	Up, due to issuance of new options
	Depreciation	Up, due to continued investments in Opera Mini server hosting infrastructure
	Other Opex	Up, primarily due to server hosting costs.

\*Assumes currency remainder of 2011 (NOK 5.8 /USD, NOK 7.9/EUR).

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

**Heads up:**

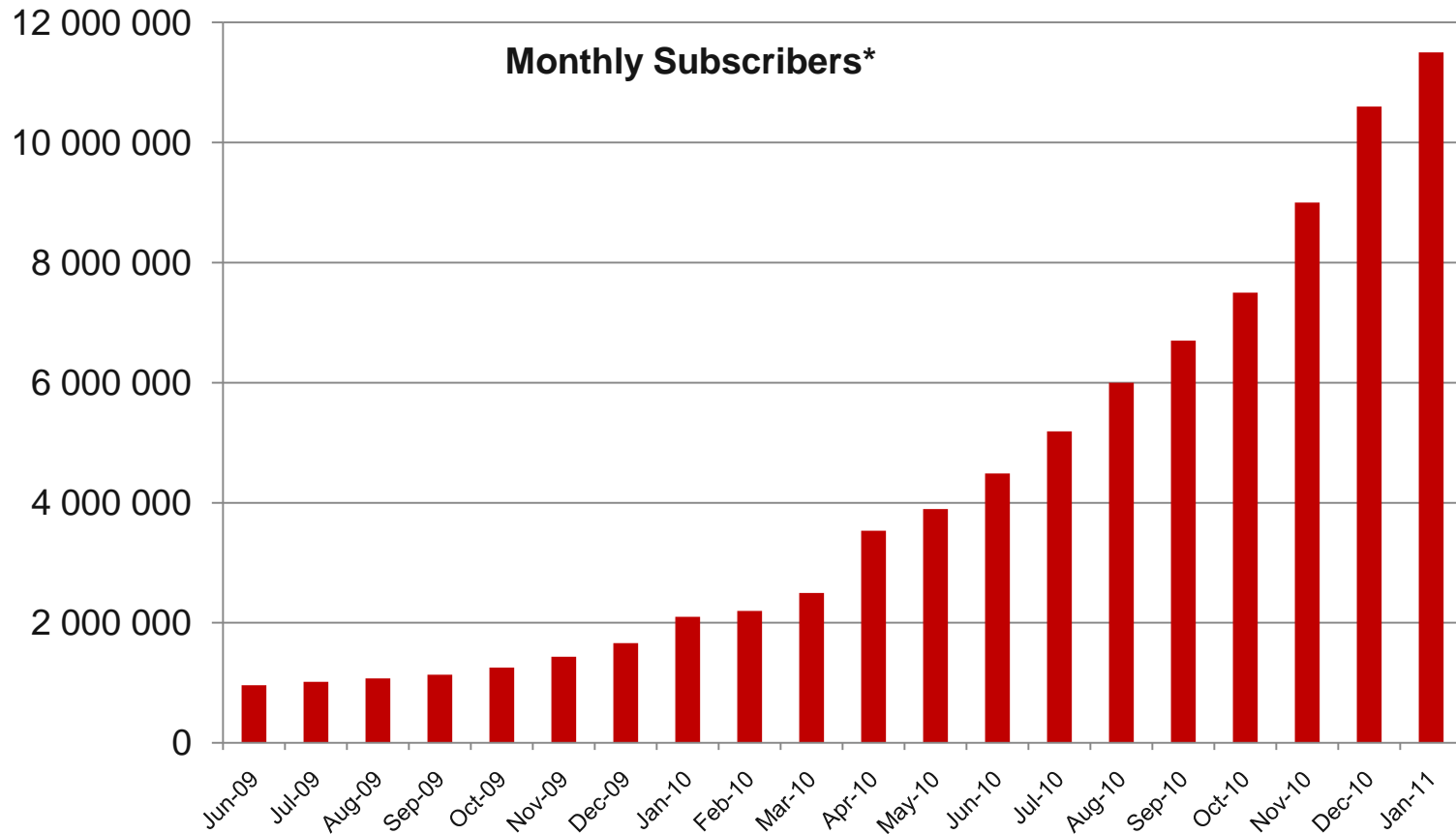
# **Capital Markets Day 2011**

- Opera will hold a Capital Markets Day in late May or early June. Exact date to be announced
- The CMD will, among other items, include a broad presentation of Opera's consumer growth and monetization strategy



# **Operations** update

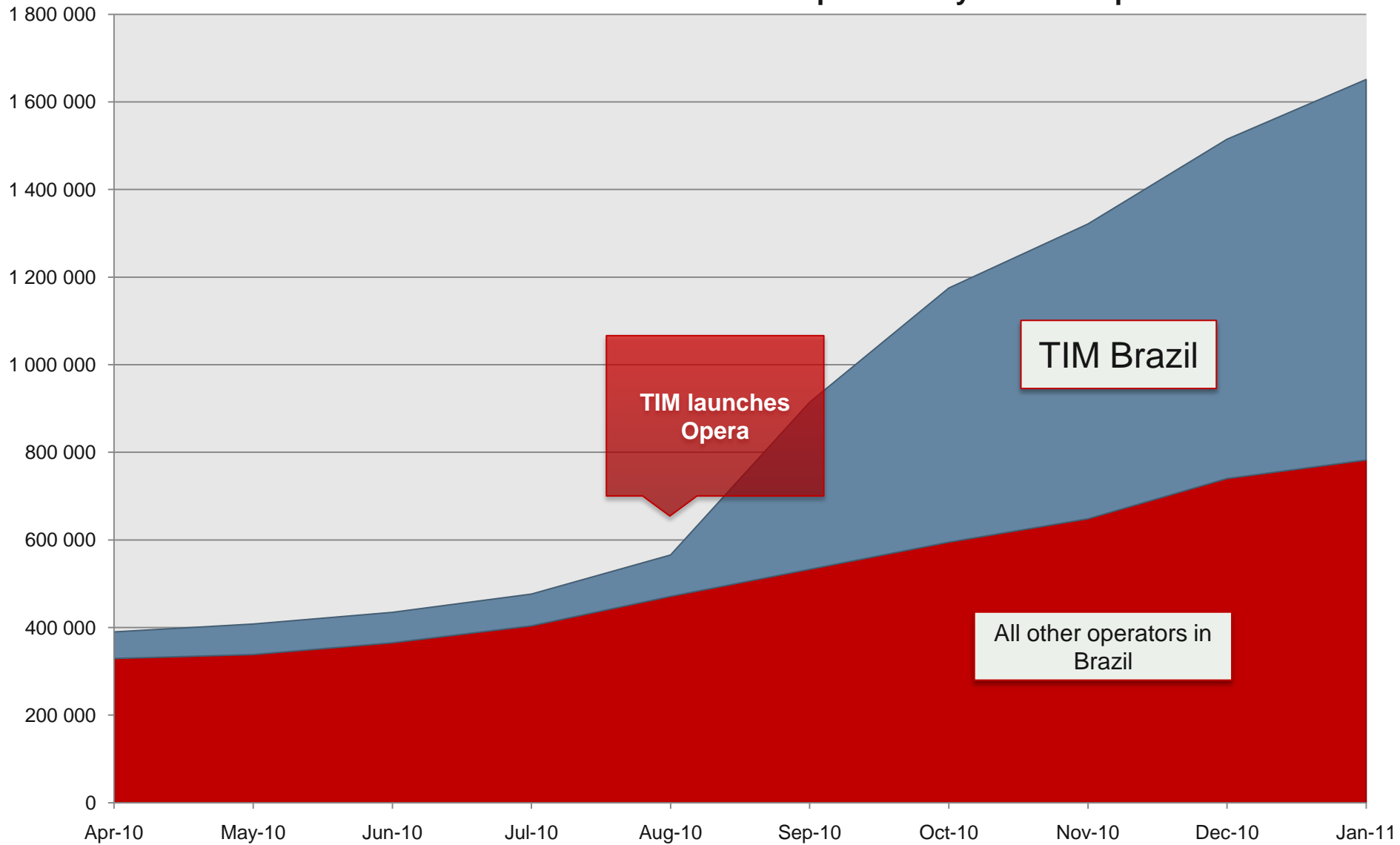
# 11.5 million operator Opera Mini users



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

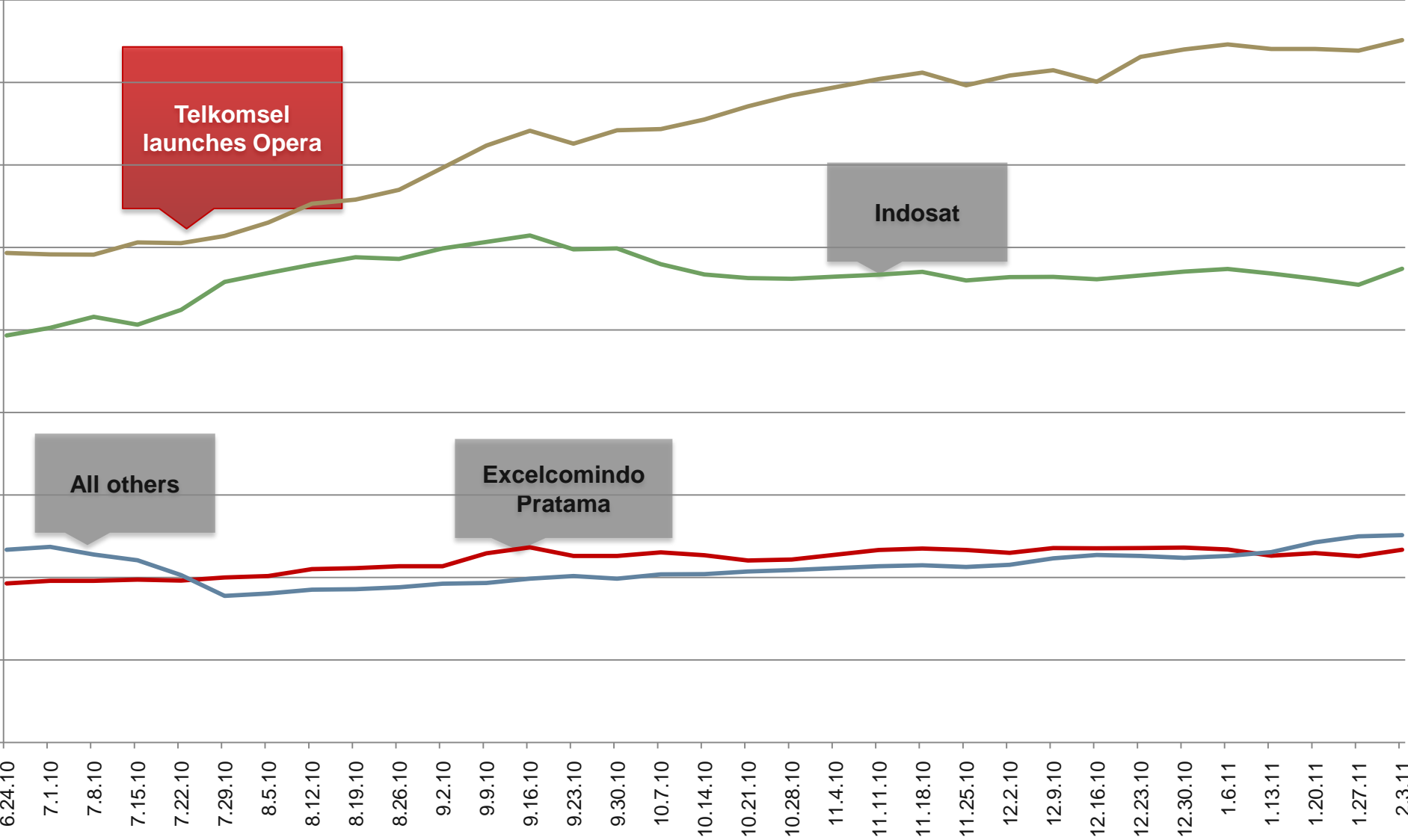
# Lift-off for TIM Brazil

Unique monthly users of Opera Mini in Brazil



# Telkomsel turns on the user base

Unique monthly users of Opera Mini in Indonesia



# Video: Telenor and Opera bring mobile web to Serbia and Montenegro





# Why operators choose Opera

- Opera Mini users generate higher ARPU through an increase in data usage.
- Opera Mini features create a better user experience, which drives use and adoption.
- Opera Mini home-page placement of operator portals drives more traffic to operator content and services.
- Opera Mini drives word-of-mouth uptake of mobile Internet.

# How to monetize beyond operators in 2011-2013:

Ad Exchange

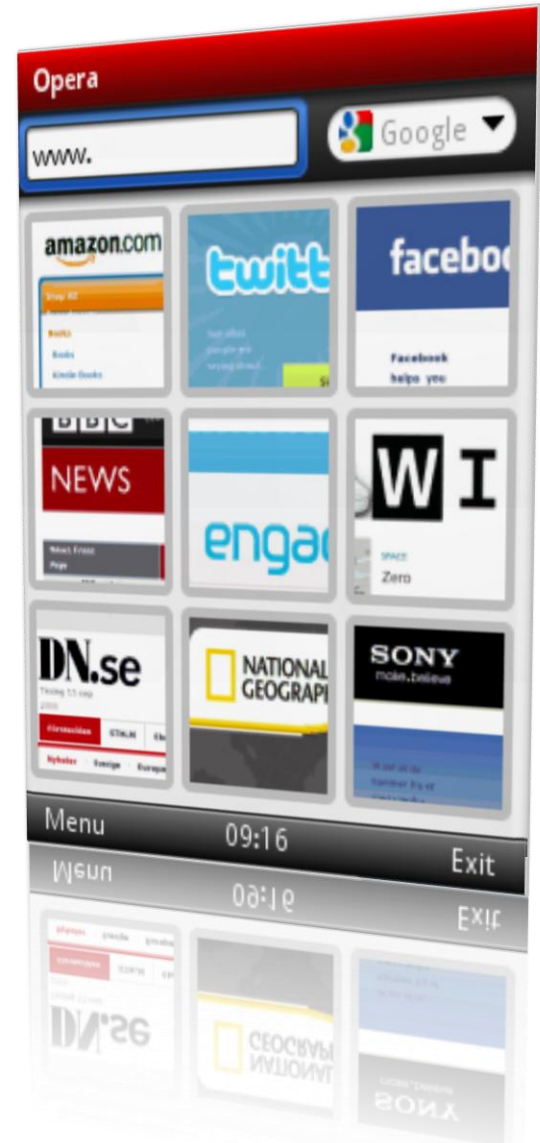
Opera Mobile Store

Payment integration

Home page / portal / other properties

# Open Mobile Ad Exchange

- Strong 2010 progress for Opera/AdMarvel's Open Mobile Ad Exchange
- In 2011, the goal is to further build out the synergy between the large user base and the technology platform
- Key strategic deliverable: Payment integration



- 700,000 downloads/day
- 16 million unique users/month
- Unique differentiator: delivers apps to any platform/device

Opera Mobile Store

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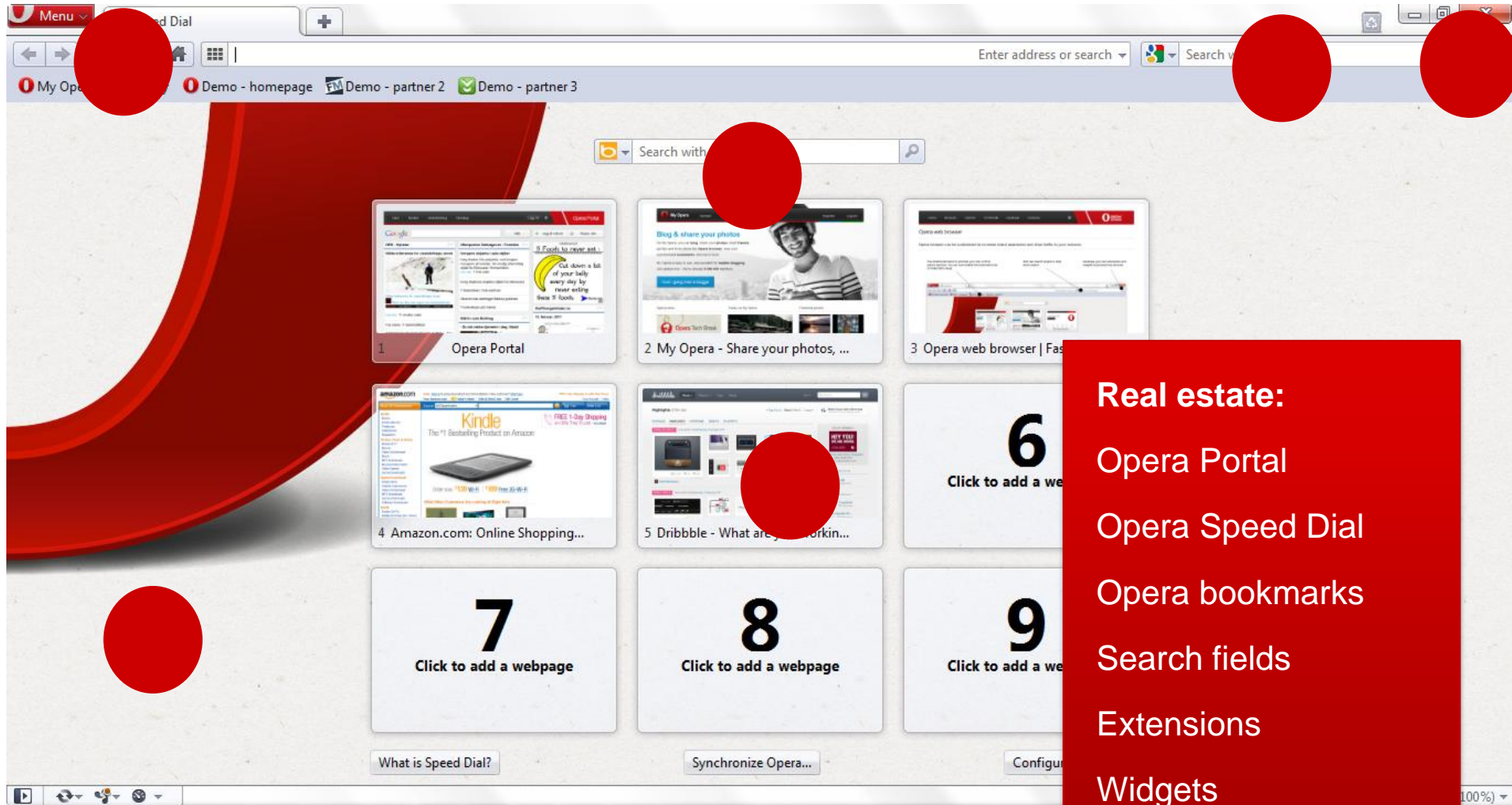
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# The value of Opera's prime real estate



## Real estate:

Opera Portal

Opera Speed Dial

Opera bookmarks

Search fields

Extensions

Widgets

# Opera on your TV

- Opera delivered a very strong year for Connected TVs in 2010: Major new customers signed up and products started shipping
- In 2011, Opera will continue to strengthen its market-leading position:
  - Sign new, major customers
  - Further innovate on open platform approach and apps environment
  - Use shipment volume to build brand awareness among end users

**PHILIPS**

**TOSHIBA**

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**TechniSat**  
DIGITAL  
DAS ORIGINAL

**SHARP**

technicolor  


  
**HUAWEI**

**acer**

 **SAGEM**

  
**REALTEK**

## Case: Sony selects Opera

# BRAVIA

- Sony is one of the world's largest manufacturers of televisions
- Sony will integrate Opera in global shipments of Sony "BRAVIA" televisions and Blu-ray Disc players
- Based on Opera Devices SDK

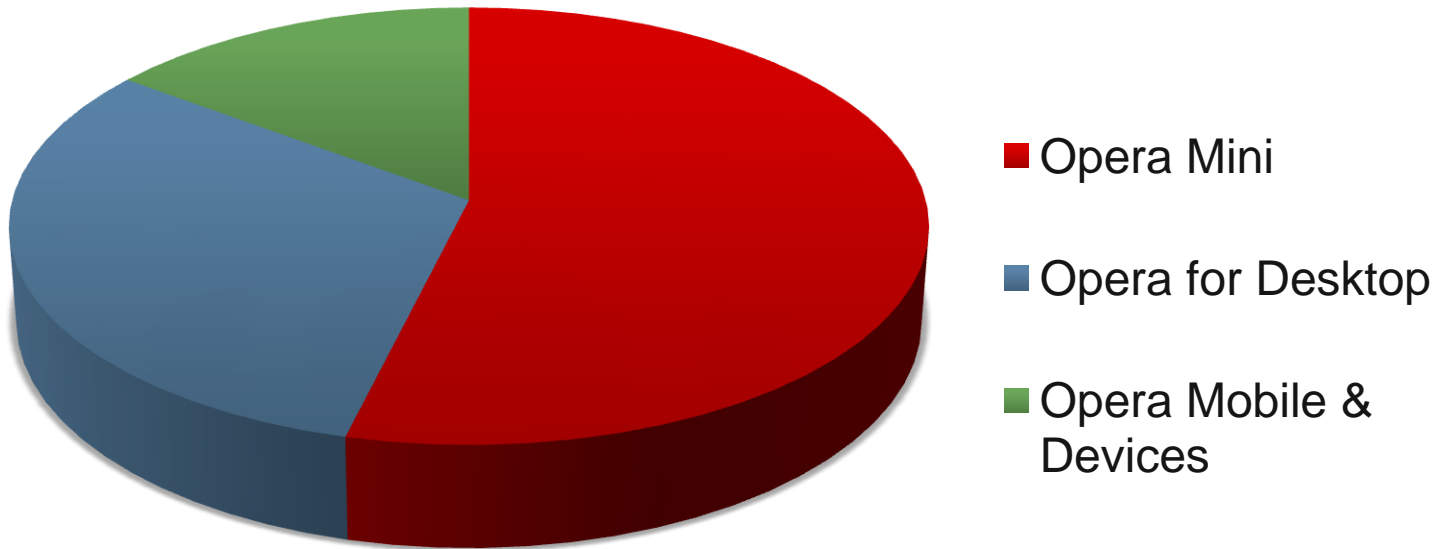


# Case: Vodafone targets emerging markets

## Opera Mini for your TV



# 170+ million people use Opera



# Qualcomm selects Opera Mini



“Opera Mini allows us to provide a best-in-class mobile browsing experience across a range of mass-market devices.”  
Rob Chandhok, president of Qualcomm Internet Services

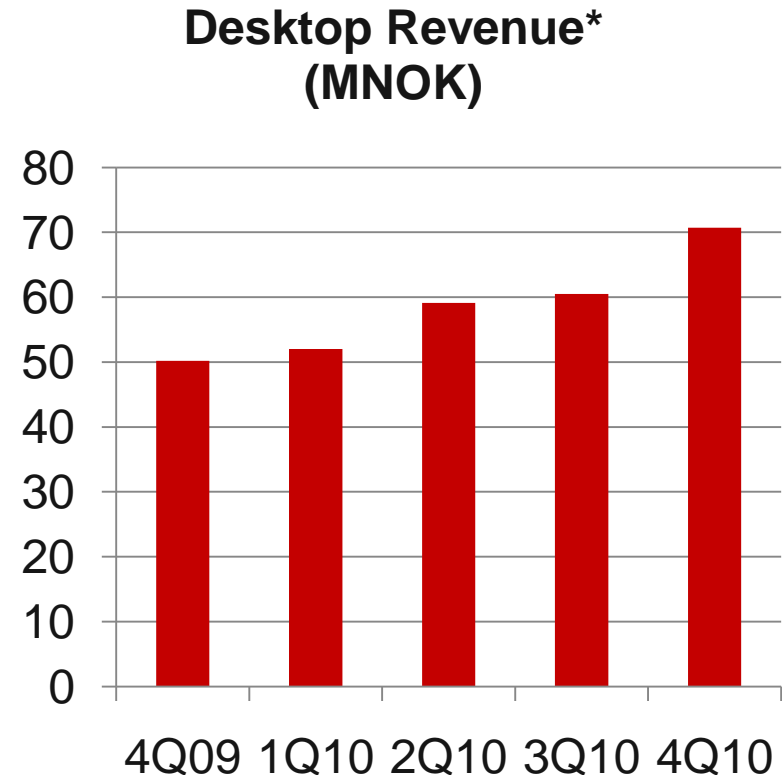


## Users embrace Opera 11

- Currently at 53 million users
- 21 million downloads since launch
- 500,000 weekly extension installations
- During the revolution in Egypt, Opera attracted one million new users (who were eager to bypass Internet restrictions with Opera Turbo)
- Currently, Opera is observing strong growth, particularly in APAC

# Opera desktop: Continued revenue and user growth

- **Continued revenue growth**
  - 70.9 MNOK: increase of 41% compared to 4Q09
- **Continued user growth**
  - 53 million Opera desktop users in January 2011



# In summary

**2010:** Opera proved its ability to deliver revenue on its fast-growing mobile user base, with strong development on :

- Opera Mini & Mobile / Operators / Asian manufacturers
- Desktop
- Connected TV

**2011-13:** Opera aims to accelerate further growth via above business areas. In addition, we will invest and develop monetization opportunities beyond operators, such as :

- Ad Exchange
- Opera Mobile Store
- Payment integration
- Home page / portal / other properties

# Q & A