

# Capital Markets Day 2010





# Opera Software: Progress in 2010

# Opera's vision is to provide the best Internet experience on any device.





# Opera's road to growth in 2010

## Progress report

- Operators
- OEMs
- Consumers





**What operators are thinking right now:  
Mobile Internet has become a strategic  
topic across all their devices.**



**1995  
Voice**

**2000  
SMS**

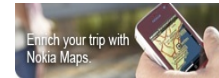
**2002  
MMS**

**2005  
Data**

**2007-2010  
Web services**

# Reality check: Large OEMs target the entire value chain...

Applications



Products



OS



Apple

Google

Nokia

Microsoft

## ... leaving operators to deliver the pipe only

# Operators want to turn any device into a service delivery platform

## Application offering



## Premium services



## Internet browsing & discovery

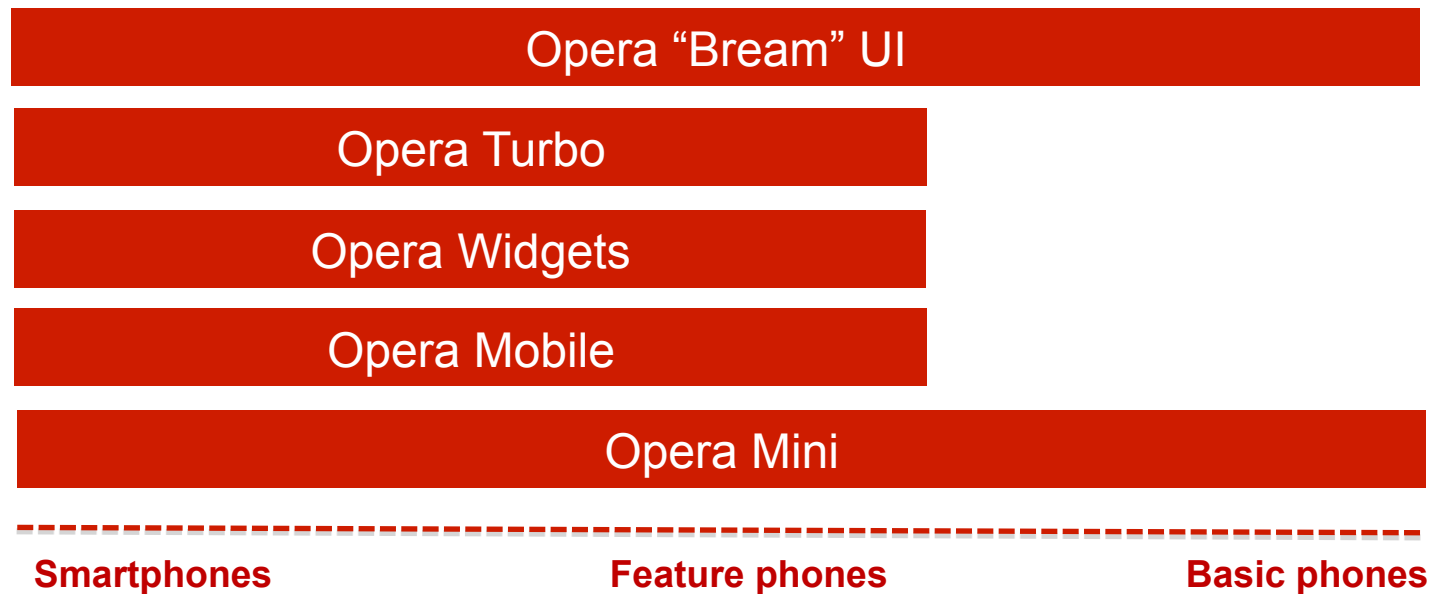


## Instant experience

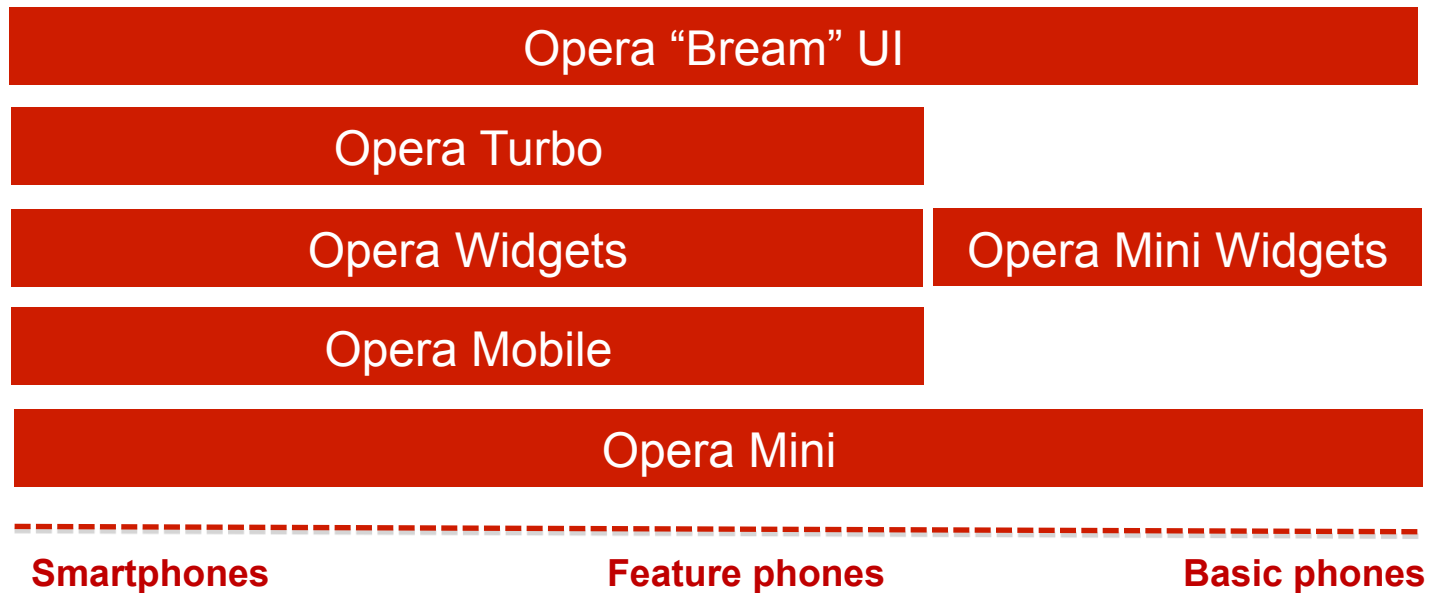




# Opera's unique ability to cover the entire mobile value chain

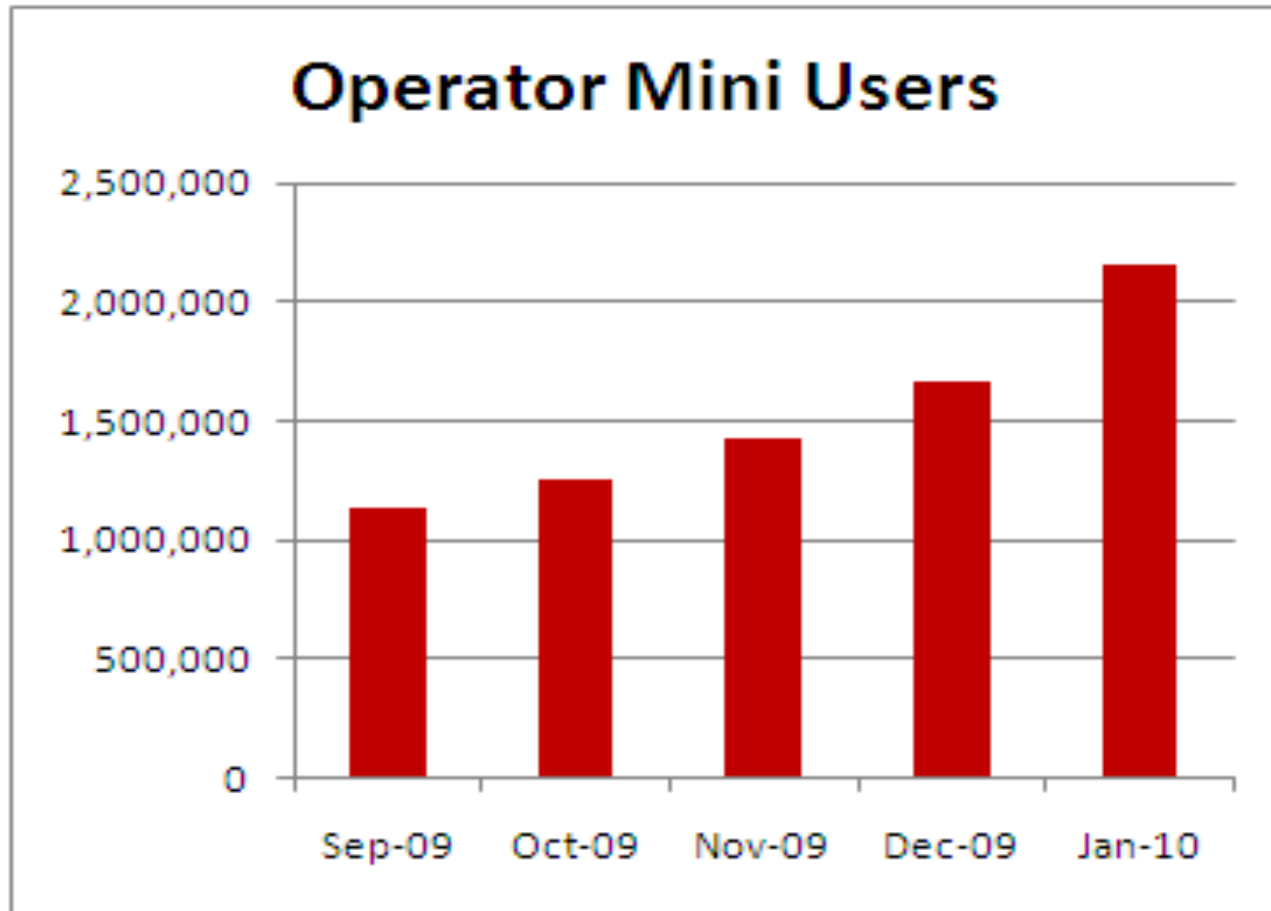


# News today: Now Opera Mini supports applications



# Status report: Traction with global operators

## Opera users from operators





# Commercial progress: Vodafone

- 16 devices
- Wide range of Android phones coming up shortly – Opera powering VF app-store client
- Commercial launch in four markets: Romania, South Africa, Egypt and Turkey
- Upcoming commercial launches: Spain, Netherlands, Germany, Portugal Hungary, Czech Republic, Ireland, Tanzania
- Opera Mini 5 drives launch expectations
- Opera Turbo device planned



# Commercial progress: AT&T

- High growth: Very strong user growth since launch
- Opera browser technology powers the att.net portal
- Eight devices launched
- More to come (20+)



at&t

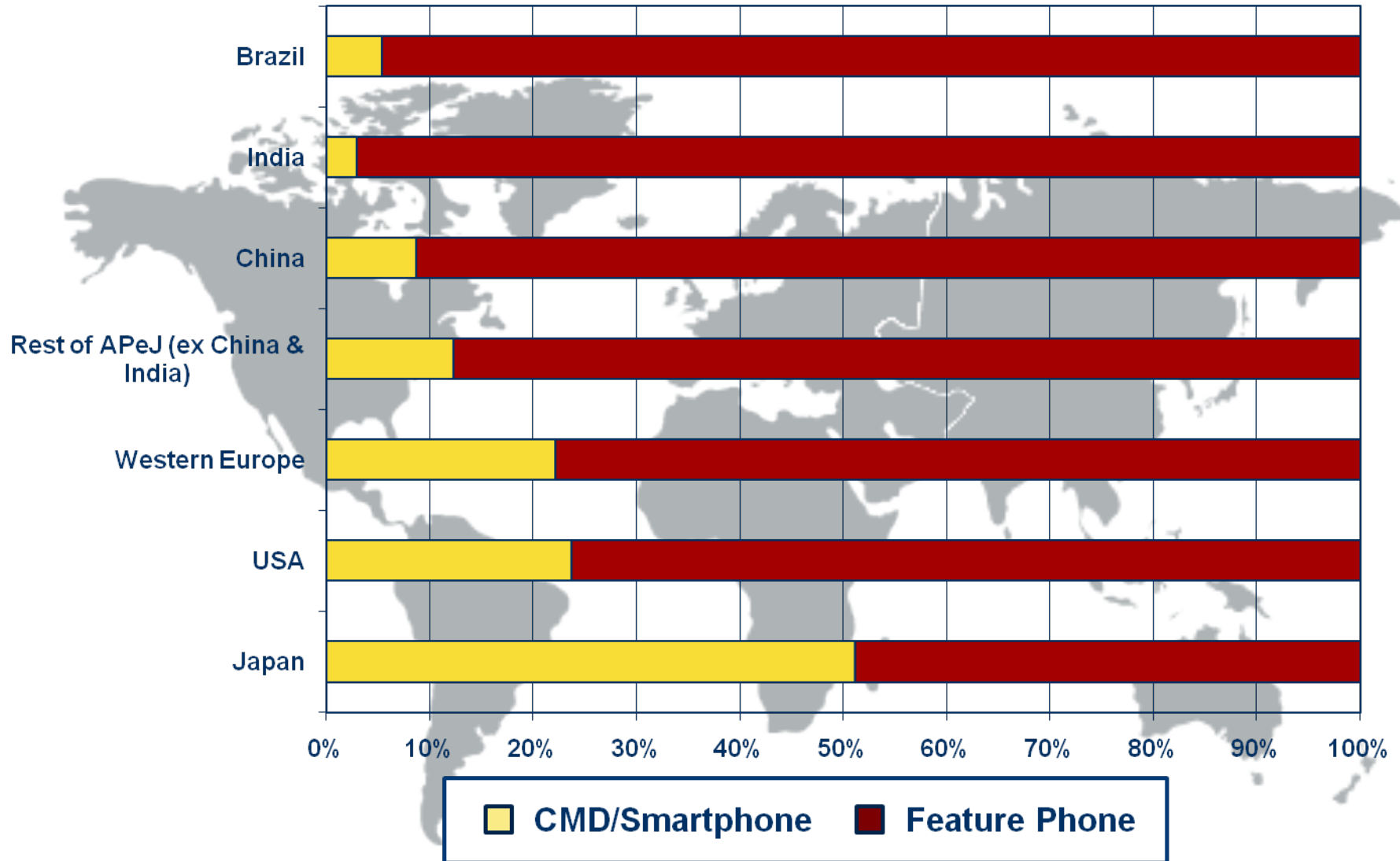
# Commercial progress: South Korea Telecom

- Opera Mini shipped on Samsung Omnia
- Very strong unique user growth so far
- High conversion rate
- More phones underway





# Drivers: Feature phones



# Claim: No room for Opera when smartphones have 70% of the market

## Opera's response:

- Handset manufacturers and operators continue to differentiate their platforms with the Opera browser.
- Opera's unique server (proxy) technology is a differentiator.
  - Opera Turbo, Opera Mini - smartphone running a full browser without a proxy is not necessarily the best answer for all users.
  - Network capacity is strained already. so better use of spectrum will be essential.
  - Burns much less battery
- Opera powering operators' application-store offerings.



**Opera's big opportunity: 50-million mobile users**



# How to deliver revenue on 50-million mobile users

## Short term: Operators

- Revenue share on traffic and content
- Migration of users to paying operators
- License per active user

## Long term: Direct revenues

- Develop direct-billing integration technology
- Revenue types: Advertising, content, partnership deals



# The flexible operator business model

## Examples from Russia



### MegaFon

- Opera Mini data plans
- Revenue share on traffic/data generated by Opera Mini users

### MTS

- Revenue from content and traffic
- Bespoke, integrated billing system allows for easy revenue generation

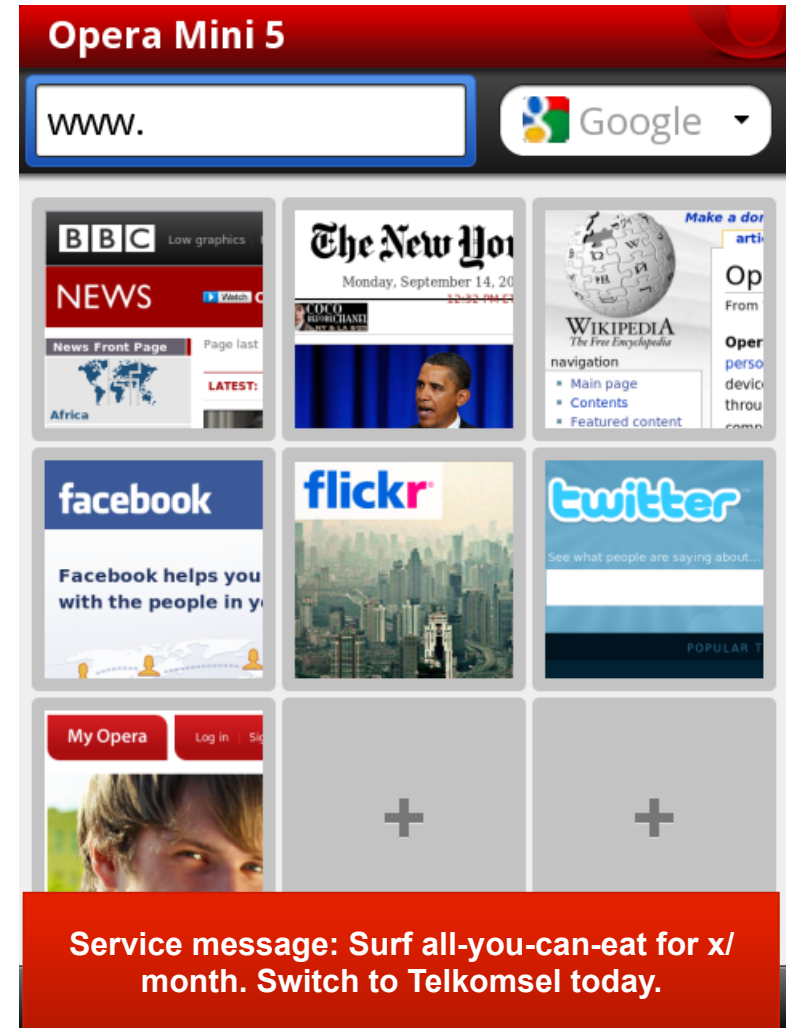
### Tele 2

- New customer announced today
- Only Beeline remains in the Russian market

# The flexible operator business model

## Example from Indonesia

- **Existing customer, Telkomsel:**  
Indonesia's number-one operator:  
50% market share
- Billing integration, and home page content
- Opera Mini data plan
- **And now...** Encouraging the remaining five million users on other operator networks in Indonesia to switch to Telkomsel...



# The flexible operator business model

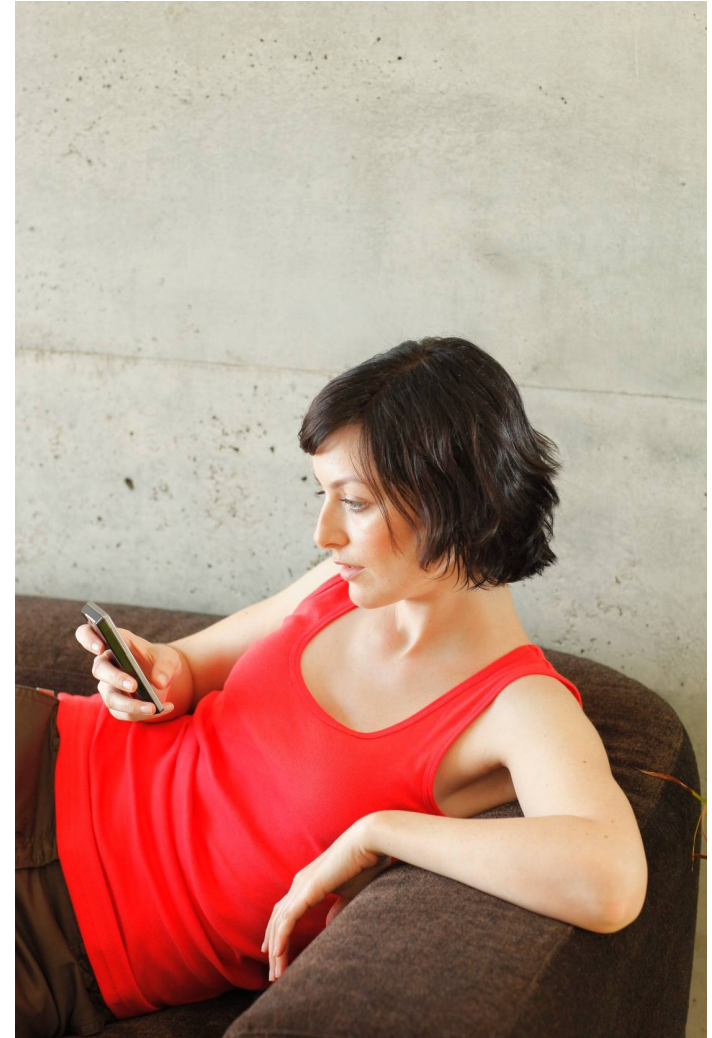
## Examples from South America and Philippines

- TIGO (part of Millicom): Multi-country deals in Guatemala and Honduras
- Localized for each country and downloaded over-the-air (OTA)
- Customized SMART versions of Opera Mini 4 and Opera Mini 5
- SMART: More than 40 million subscribers



# The OEM opportunity

- **Focus in 2010:** Continue to win new OEMs that are focused on delivering operator-friendly solutions – self-branded or operator-branded
- Significant opportunity within providing the native browser experience for 3G handsets
- Example: Opera recently signed with Huawei.



# The revolution will be televised

- Connected TVs growing fast:
  - 2009: 14.7 million
  - 2013: 87.6 million
- Existing customers: Sagem, Philips, Toshiba, Sony and others
- Market opportunity: All major TV brands are integrating browsers in their products this year.
- Opera competes with the traditional browser vendors ,such as Access, Ant, Obigo



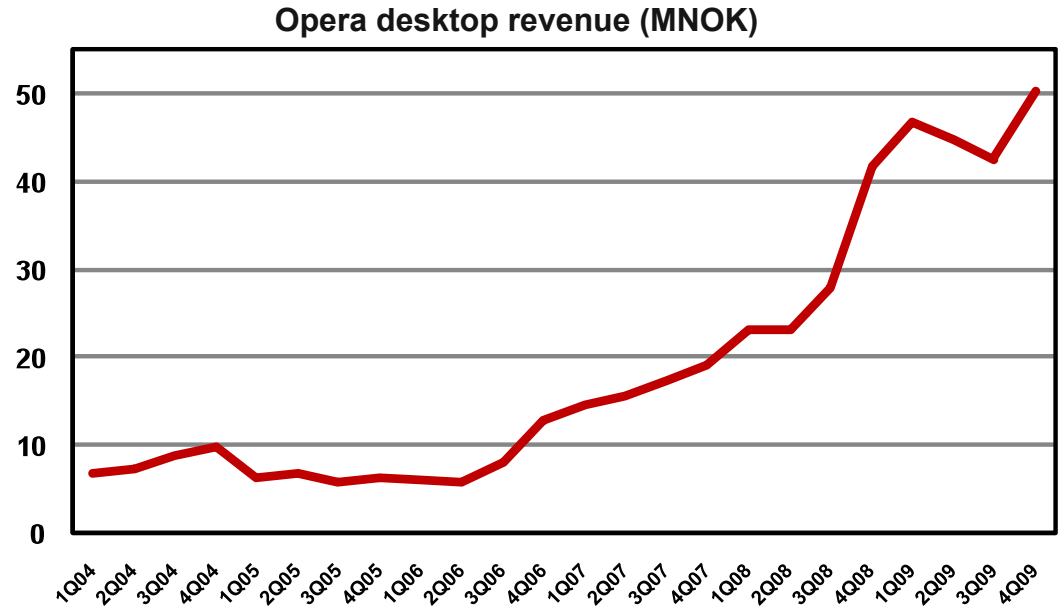


# HTML 5: The future TV-viewing platform

- Open application platform, based on HTML5
- Supported by tier-1 TV operators
- Supported by other market players, such as Opera, Google, etc.
- Development platform, developer tools expected to be launched in 2010
- Advantage over proprietary platforms , such as Flash (Adobe), Silverlight (Microsoft), Apple

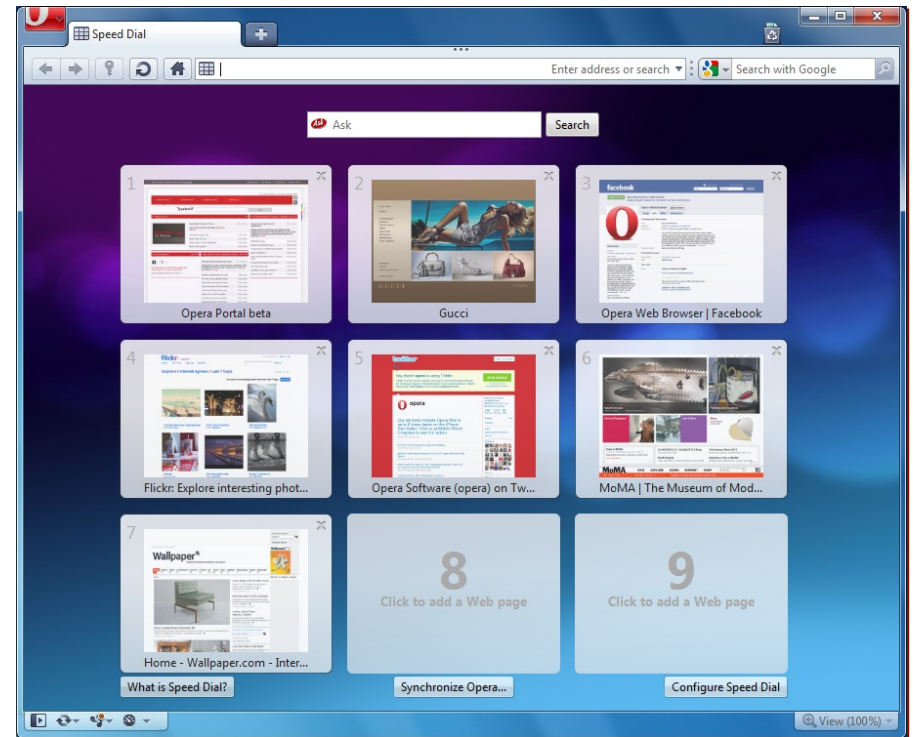
# Commercial progress: Opera desktop

- User growth 37% compared to 4Q08 and 11% vs 3Q09
- Revenue growth resumed



# Opera 10.50: A new frontier in Web browsing

- Launch of Opera 10.50, officially the fastest browser on Earth
- European Choice Screen opportunity: 200 million people exposed to alternative browsers

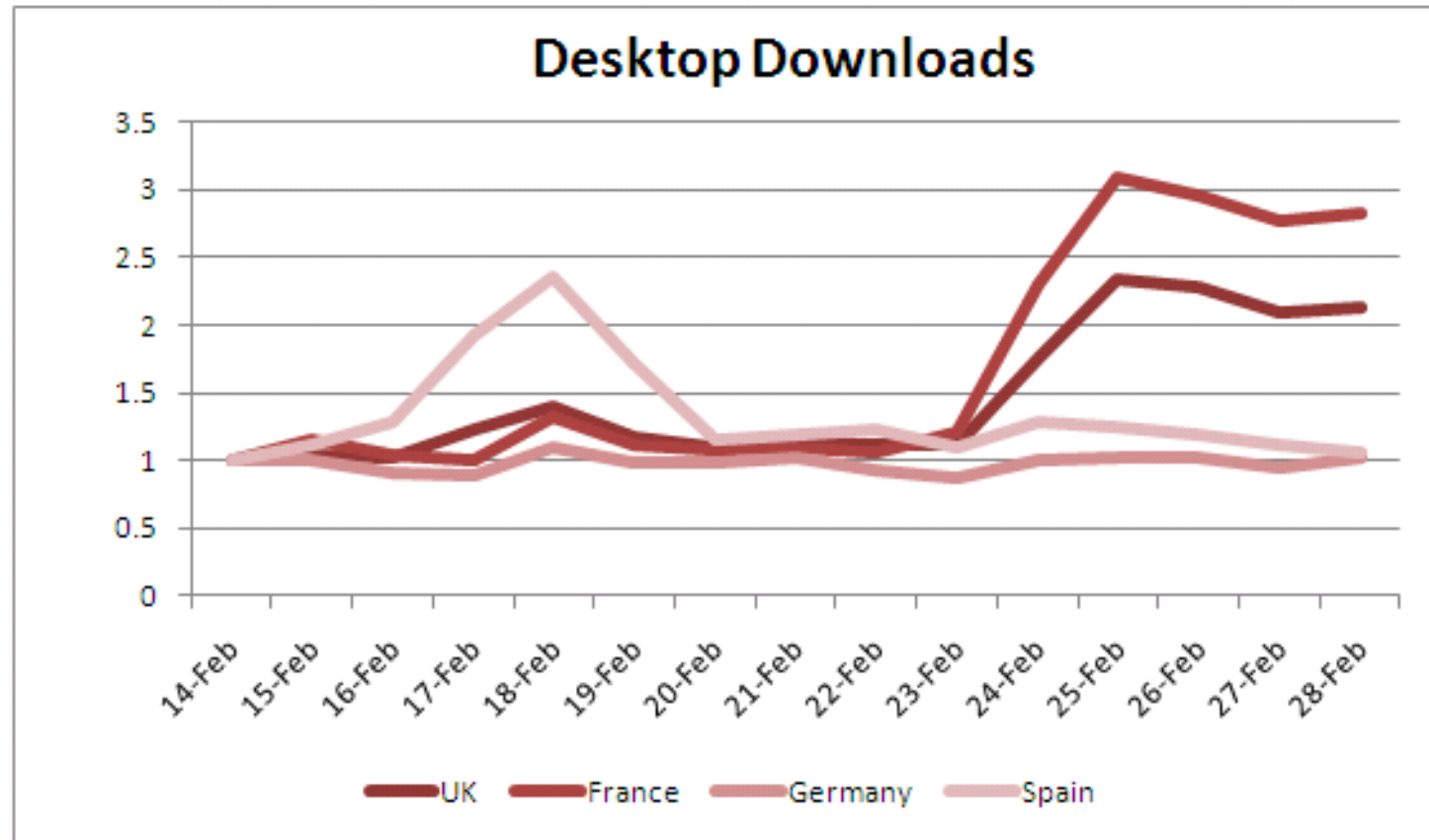


# Bringing choice to Europe



- New Windows 7 browser ballot screen coming shortly
- Opportunity to attract millions of new users

# Early results after the ballot screen soft launch



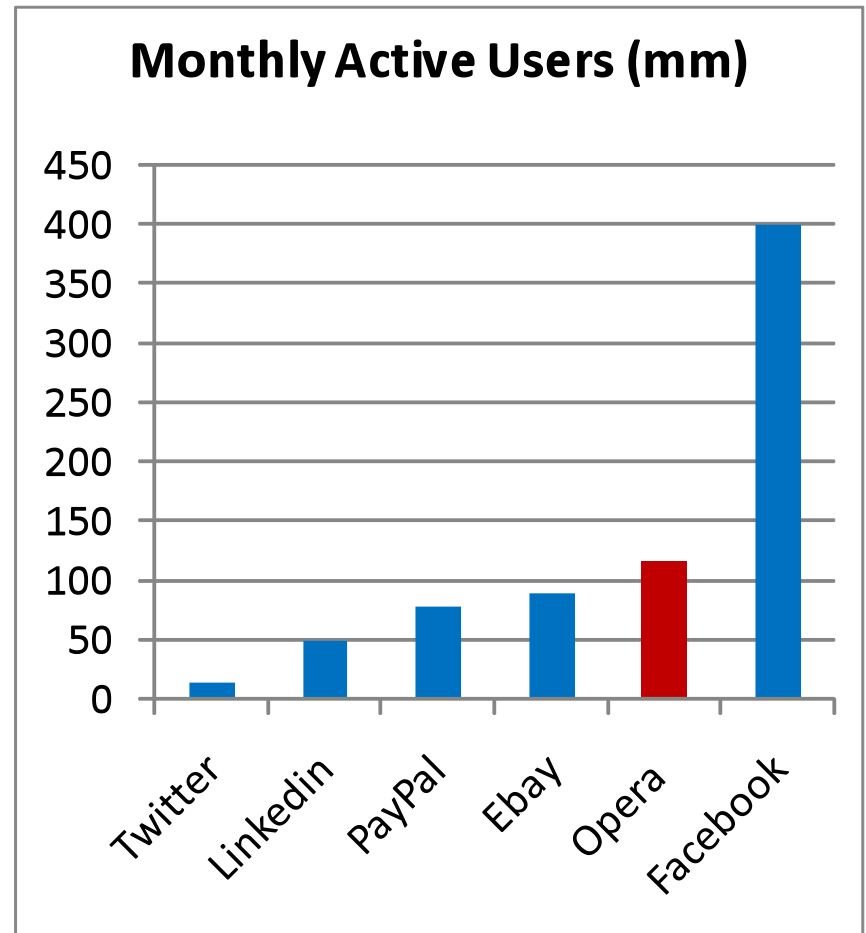
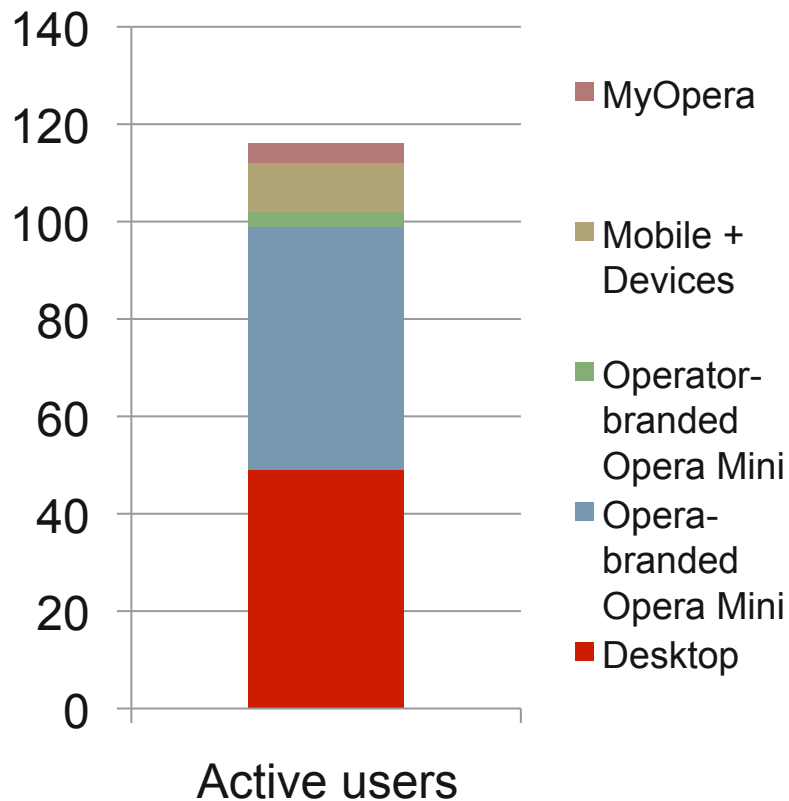
# The perfect storm

How Opera is distributed everywhere

Channel	Opera distribution
<b>Tier-1</b> operators – Turn any device into a service platform	V
<b>OEM/ODMs</b> – in Far East	V
<b>Tier-1 OEMs</b> – Emerging markets	V
<b>Opera.com</b> – The downloading party is nonstop	V

# Opera has a tremendous platform to drive sequential revenue growth going forward

Opera has one of the largest user bases in the world





# The perfect storm

## The value of widespread Opera distribution

### Opera marketplace

Opera becomes an attractive developer platform.

Wide set of developer tools

Billing integration across product categories

Advertising, within internally and externally owned properties

AdMarvel integration

Partnership deals, content and distribution partners



**Thanks  
for  
listening!**





# **Opera Software Capital Markets Day**

## **Operational/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 2010 Capital Markets Day 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.

# Agenda

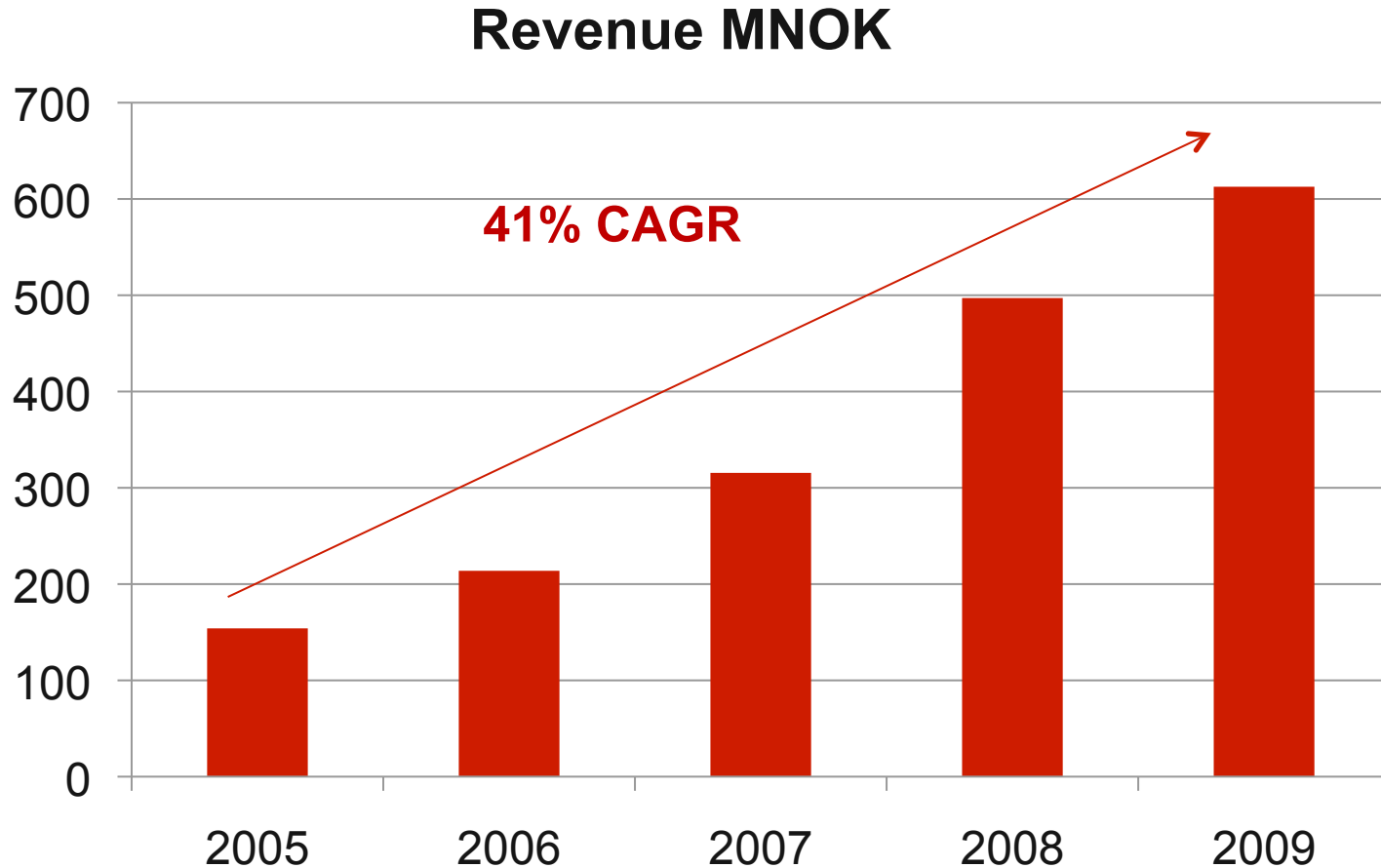
**1. Operational/Financial Highlights**

**2. Operational/Financial Framework**

**3. Outlook**

# Opera has made substantial progress since 2005

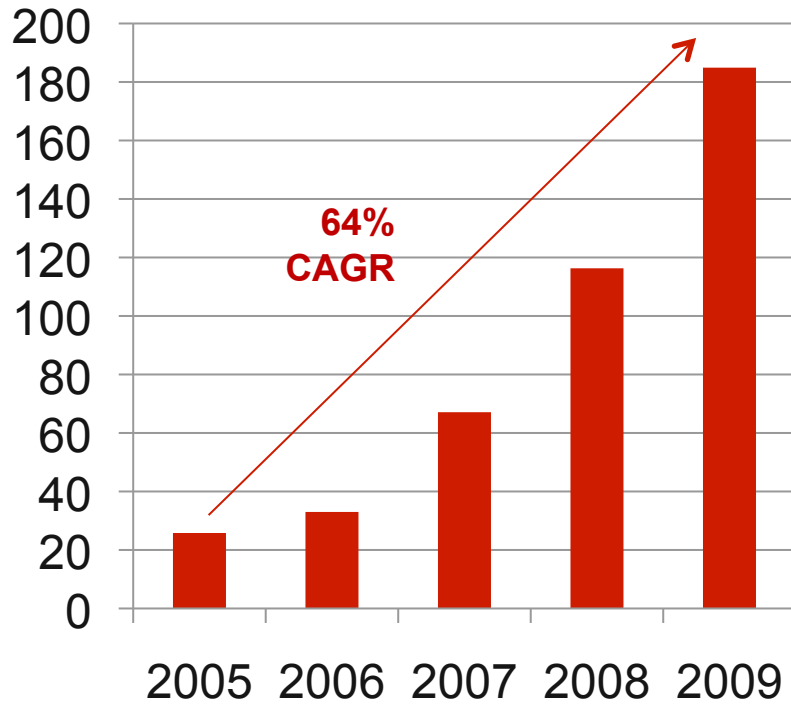
## Revenues



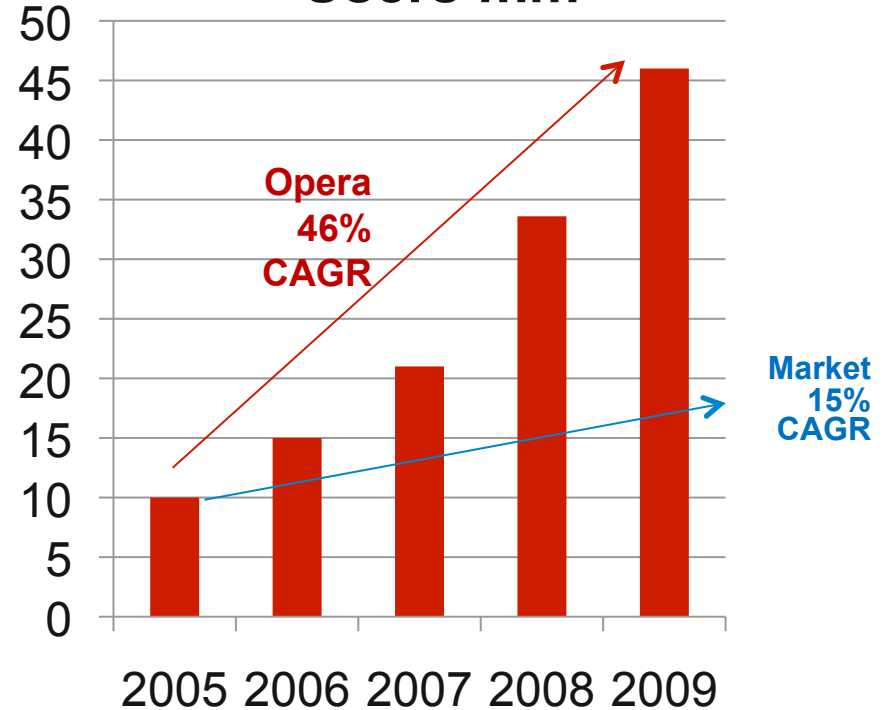
# Opera has made substantial progress since 2005

## Desktop

### Revenue MNOK



### Users mm

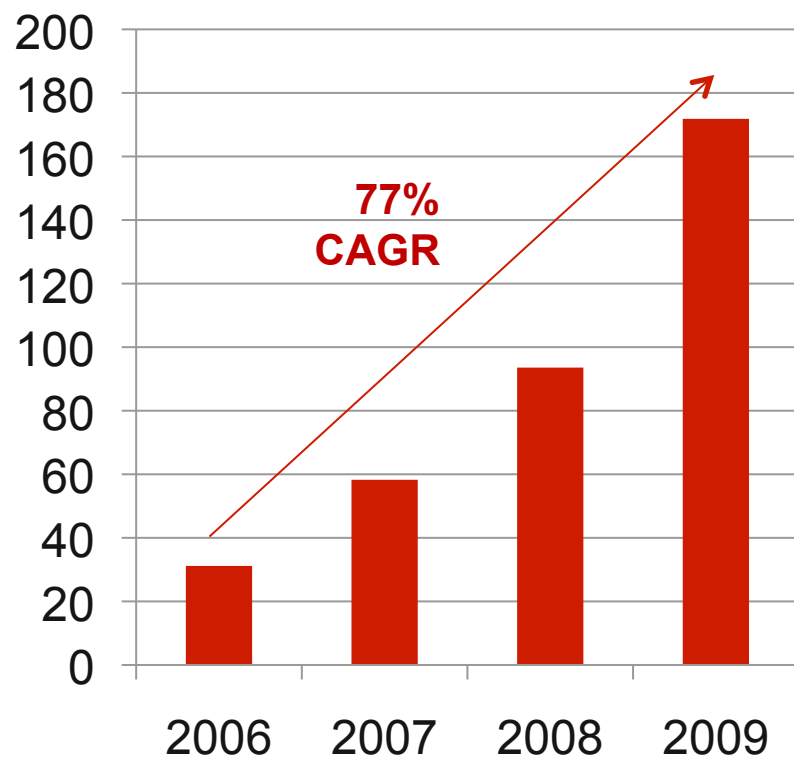




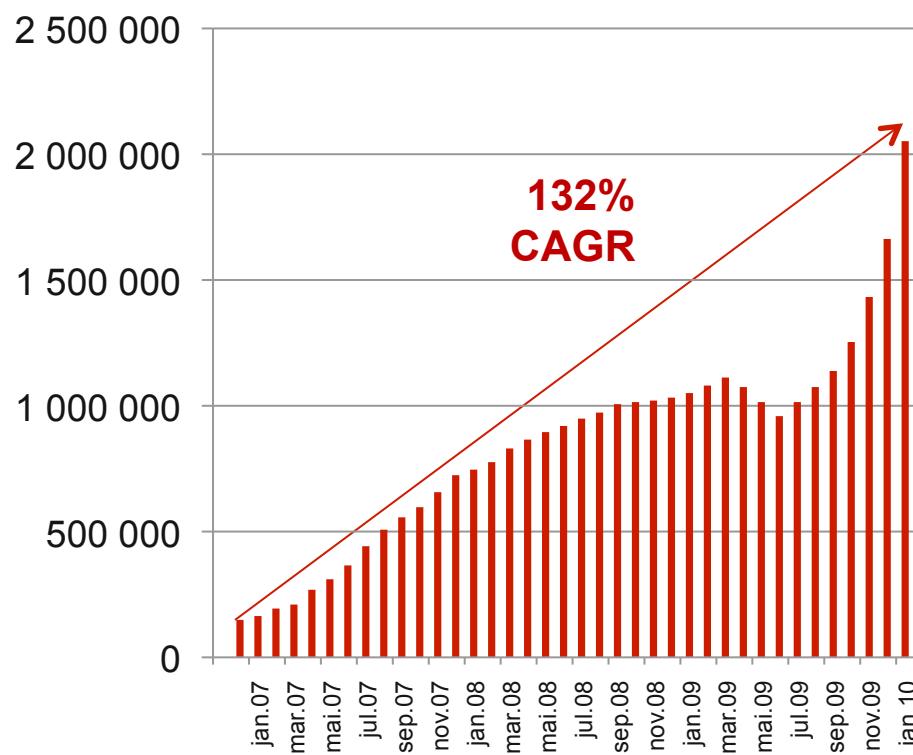
# Opera has made substantial progress since 2005

## Operators

### Revenue MNOK

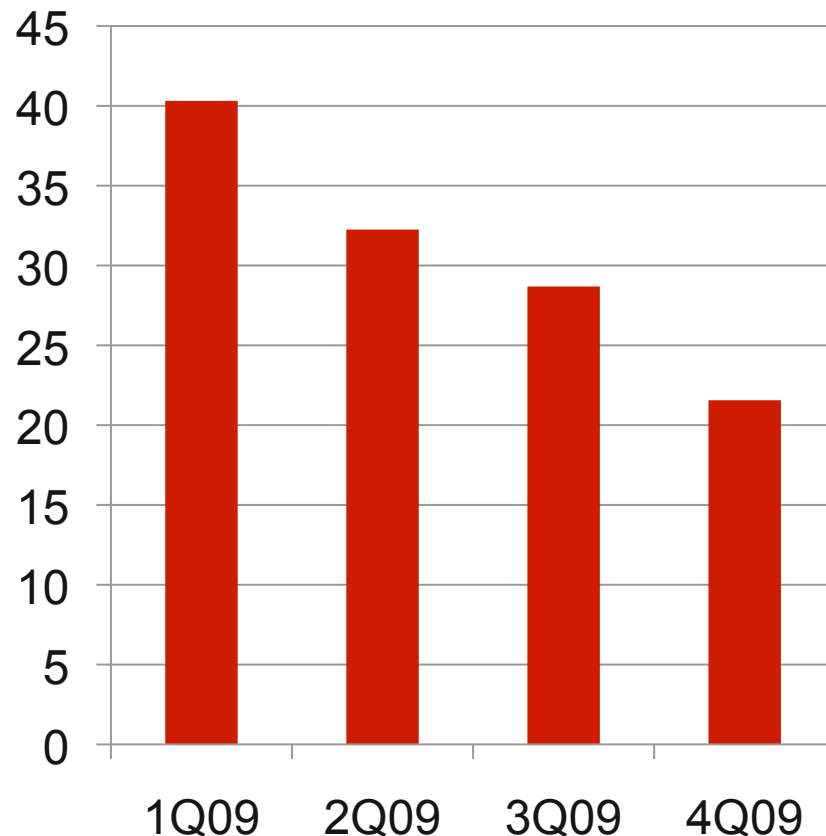


### Monthly Subscribers

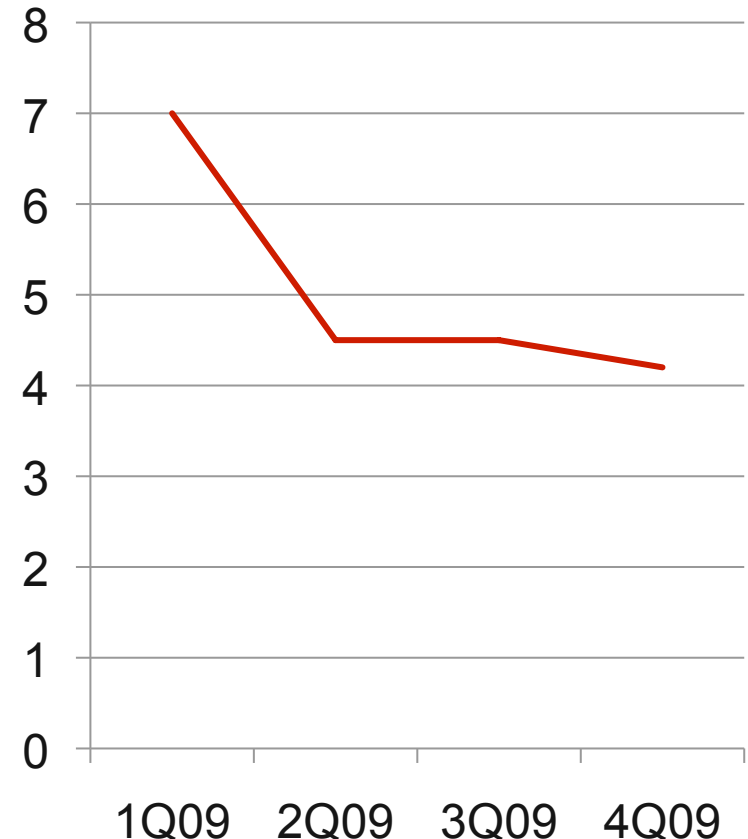


# Opera's Mobile OEM business declined significantly in 2009, as Operator and Desktop revenue grew rapidly

## Mobile OEM revenue MNOK

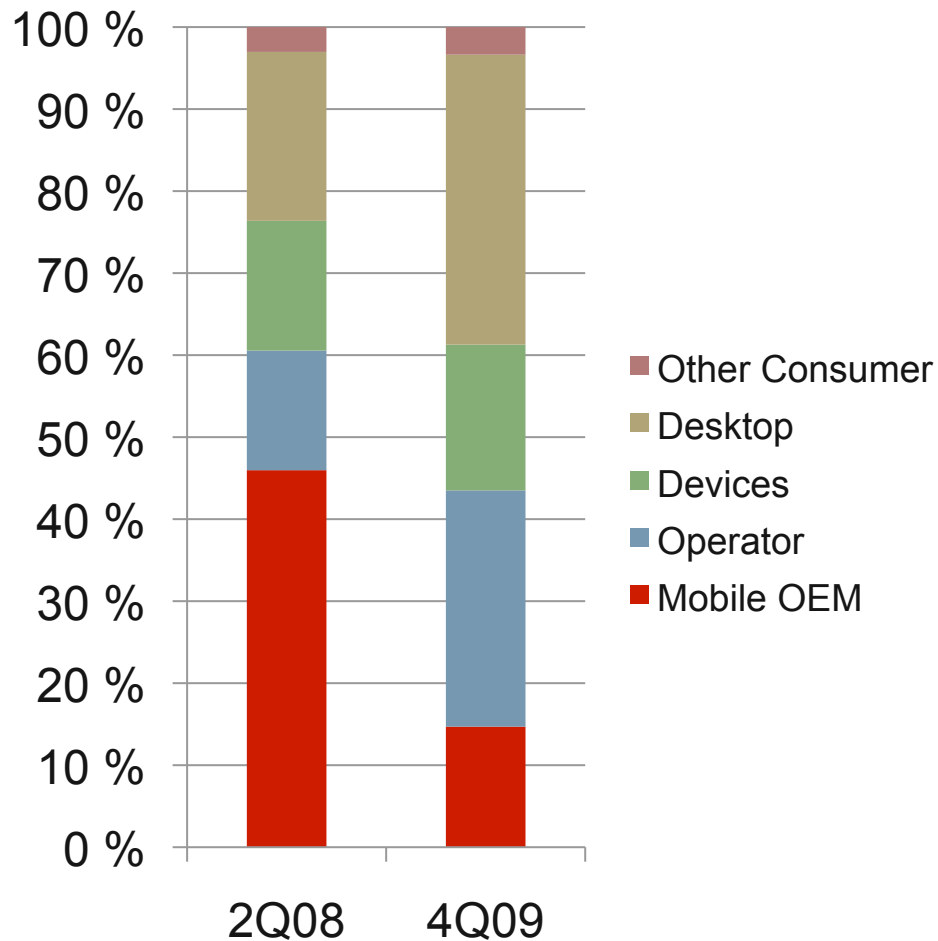


## Opera Mobile shipments (mm)

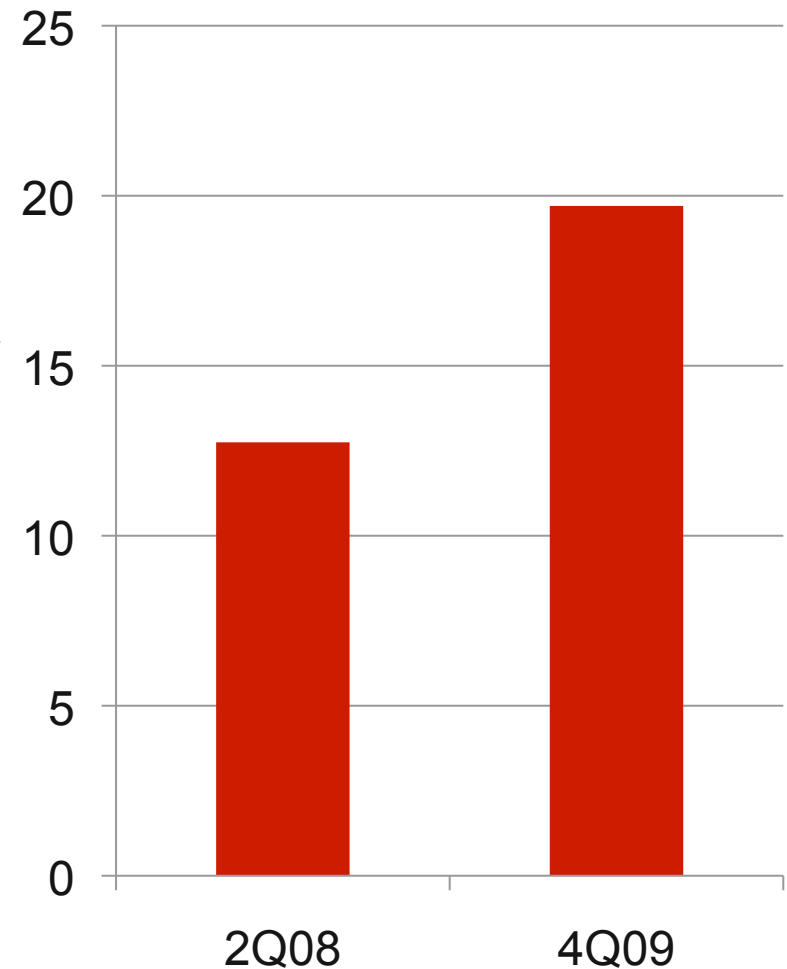


## Operator and Desktop revenue is now a much higher % of total Opera revenue than 18 months ago

### Breakdown of Revenue 4Q09 vs 2Q08

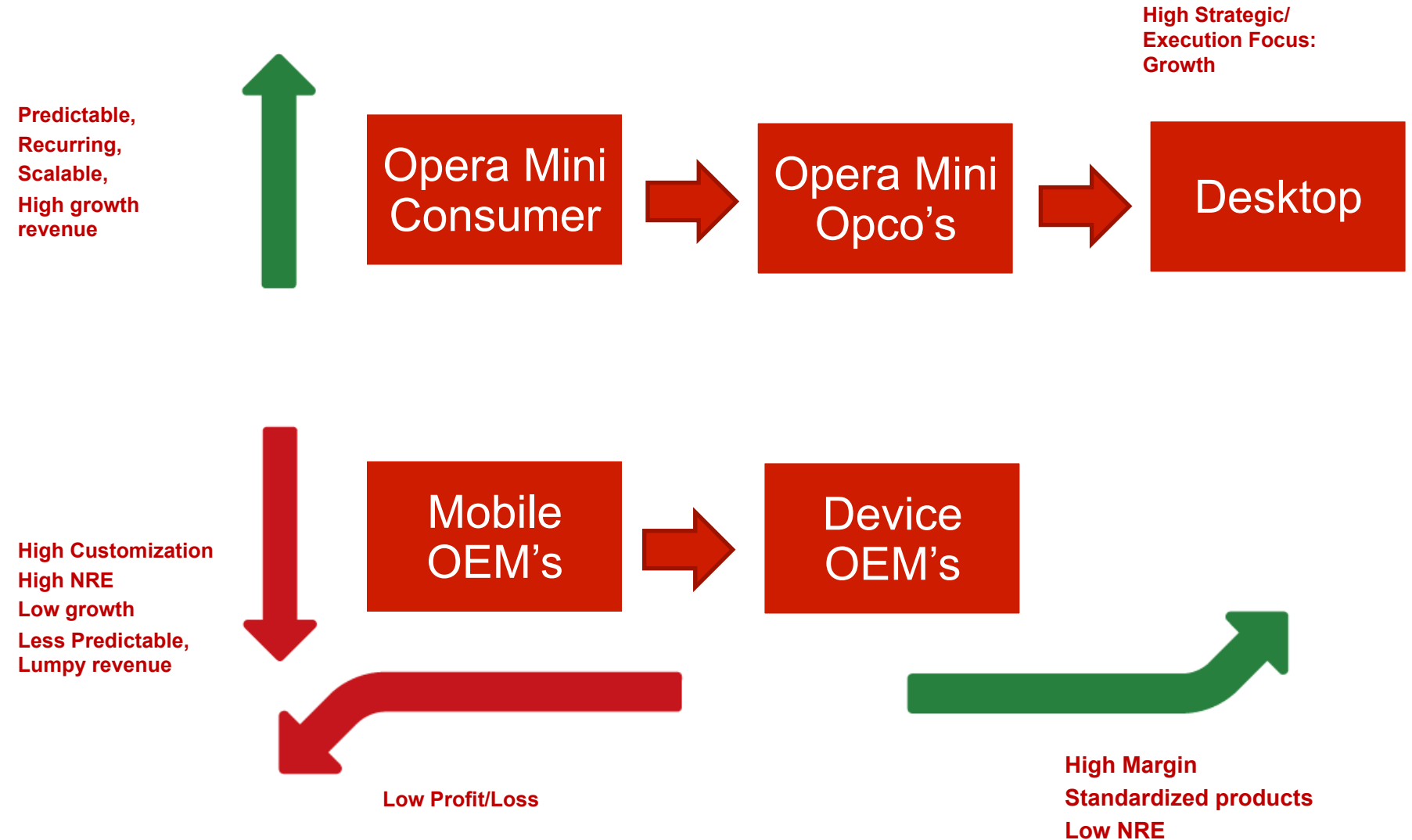


### MNOK Opera Mini Revenue Total



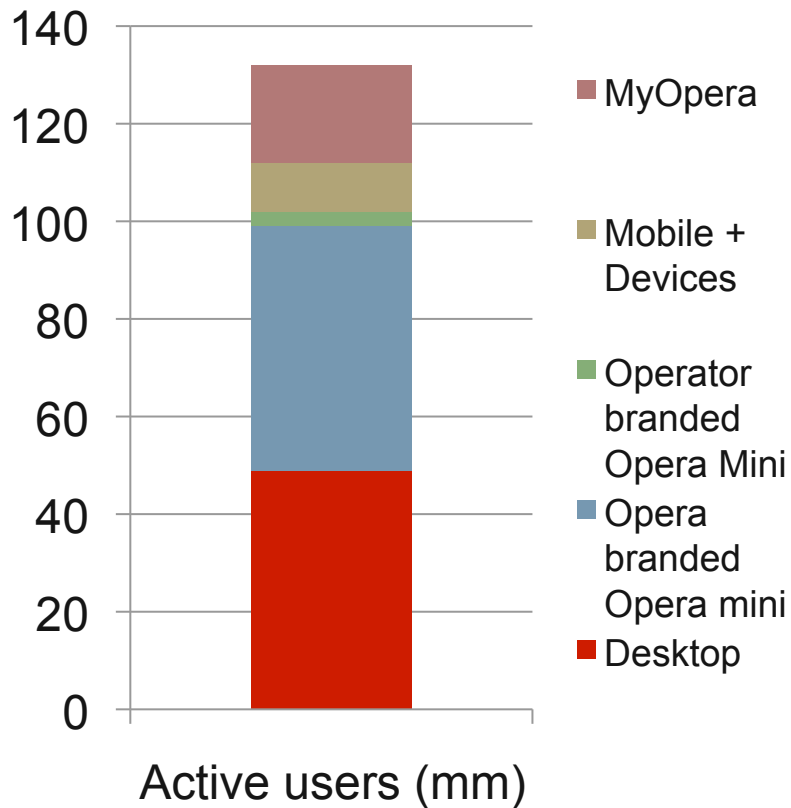
# Opera's execution focus in the future is clear

## Snapshot today and future plan

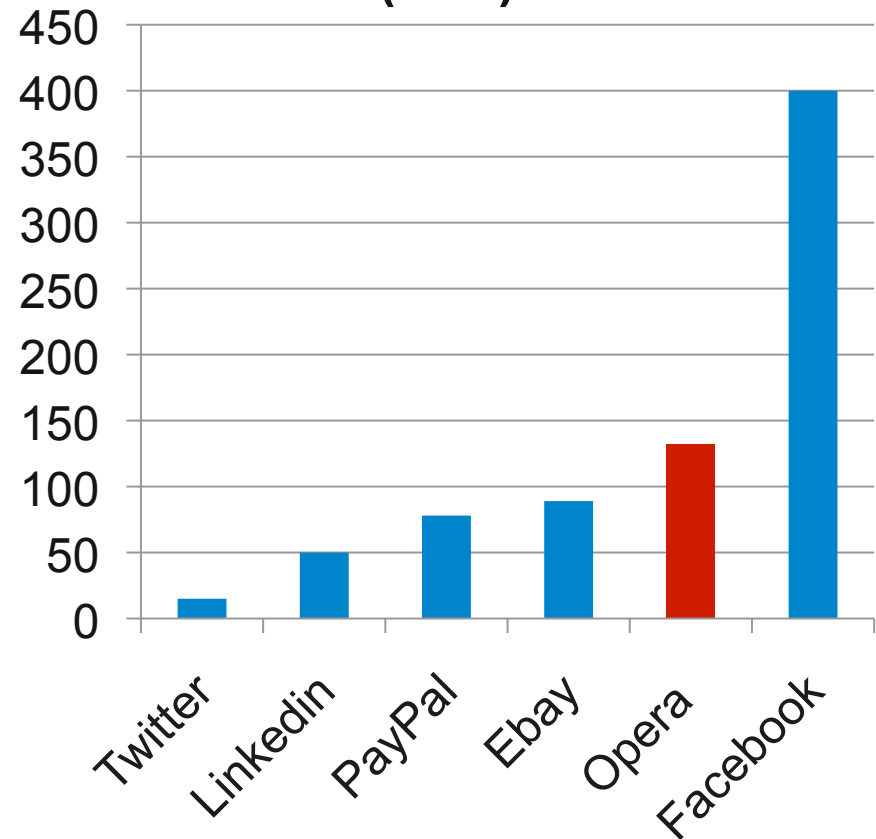


**Opera has a tremendous platform to drive sequential revenue growth going forward**

**Opera has one of the largest user bases in the world**



**Monthly Active Users  
(mm)**



# Agenda

**1. Operational/Financial Highlights**

**2. Operational/Financial Framework**

**3. Outlook**



# Value Creation

## Business Priorities

- Growth
- Margin Expansion
- Disciplined Resource Allocation
- Capital Efficiency



Innovation  
Monetization  
Execution

# Operational Framework

## Leverage Key Strengths

Product & Technology

Large & Fast Growing Userbase

People

Rich Data

## Continue to Focus On

Product Innovation

Monetization of Userbase

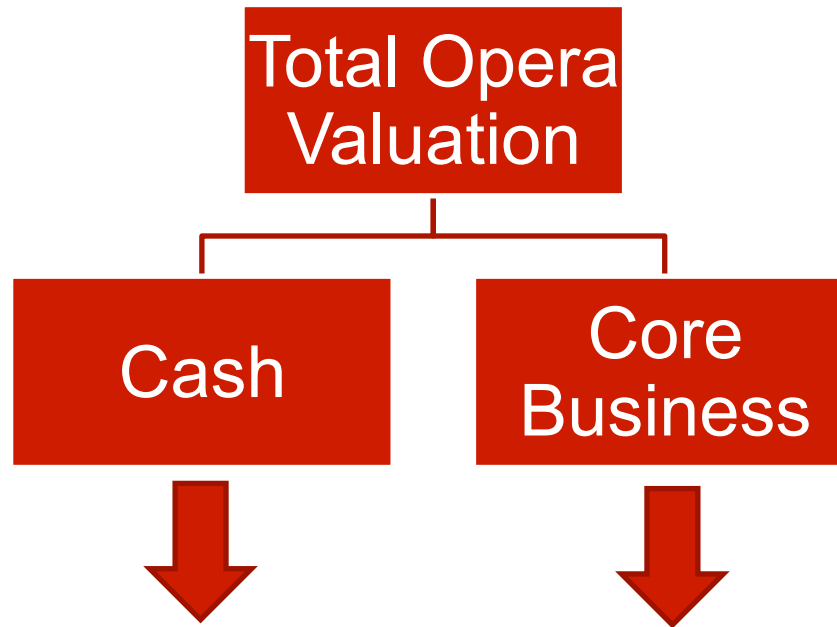
## Address Now

Execution  
Growth  
Profitability

Complexity

Focus, Prioritization  
& Accountability

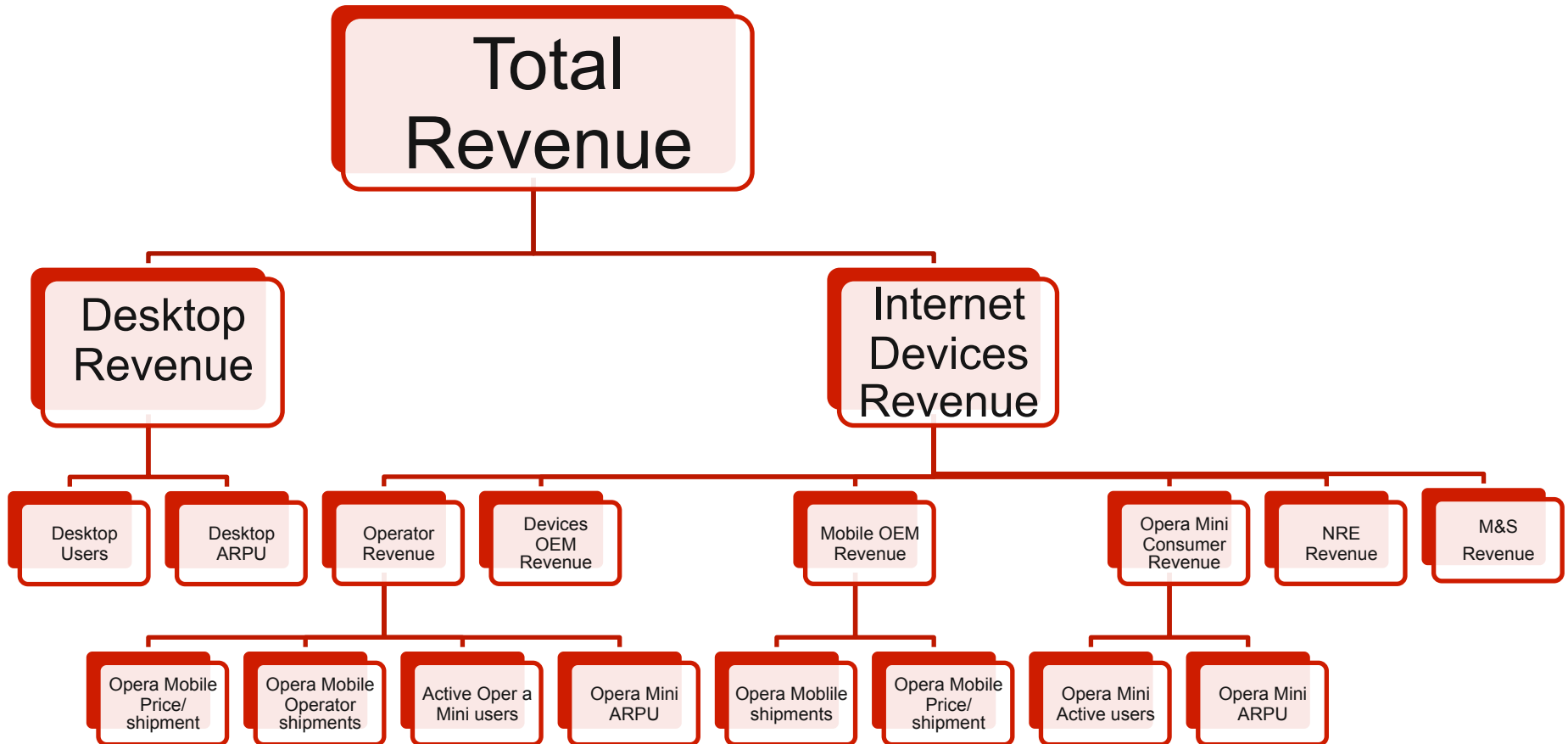
# Financial Framework



Maximize Free Cash Flow	Build Execution Machine
Offset Equity Dilution	Simplify
Select Acquisitions	Focus on ROI
Dividends/Share Buybacks	Expand Margins

# Revenue Framework

## Opera Revenue Buildup



# Revenue Framework

Revenue Element	Key Drivers	Latest Statistics
<b>Desktop</b>	<ul style="list-style-type: none"> <li>Monthly unique users</li> <li>ARPU</li> <li>Total Revenues</li> </ul>	48 million monthly (January 2009) Annualized 4Q09 ARPU = @USD .75 MNOK 50.4 (4Q09)
<b>Operators</b> (Operator branded and Co-branded with Opera)	<ul style="list-style-type: none"> <li>Monthly unique Mini users</li> <li>Monthly unique Widget/Turbo users</li> <li>Monthly Mini ARPU</li> <li>Opera Mobile shipments</li> <li>Price/shipment</li> <li>Total Revenues</li> </ul>	2.1 million monthly (January) NA Based on volumes and commitments @2 million (4Q09) Based on volumes and commitments @30% of total revenues (4Q09)
<b>Mobile OEMs</b>	<ul style="list-style-type: none"> <li>Opera Mobile Shipments</li> <li>Price/shipment</li> </ul>	@2 million (4Q09) Based on volumes and commitments
<b>Devices</b>	<ul style="list-style-type: none"> <li>Device Shipments/Downloads</li> <li>Average price/shipment</li> </ul>	@18% of revenues (4Q09) 75%+ license revenue (4Q09)
<b>Opera Mini</b> (100% Opera Branded)	<ul style="list-style-type: none"> <li>Monthly unique users</li> <li>ARPU</li> </ul>	50 million monthly (January 2010) About 10% of Desktop 4Q09 ARPU
<b>Other</b>	<ul style="list-style-type: none"> <li>Development revenues</li> <li>M&amp;S revenues</li> </ul>	@MNOK 28 million (4Q09) @MNOK 14 million (4Q09)

# Information Framework

## Comparison of information provided in 2009 versus 2010 -

	FY2009	FY2010 -
Desktop Revenue	✓	✓
Desktop Users	✓	✓
Operator Revenue		✓
Operator Active Users		✓
Consumer Active Users	✓	✓
Device OEM Revenue		✓
Mobile OEM Revenue		✓
Mobile Shipments	✓	✓
NRE Revenue		✓
M&S Revenue		✓
Total Opera Mini Revenue		✓
Hosting Costs		✓

# Agenda

**1. Operational/Financial Highlights**

**2. Operational/Financial Framework**

**3. Outlook**

# Key Financial Metrics: FY2010 -

## Revenues

- Total Revenues
- Revenue growth (Sequential, YoY)

## Profitability

- EBITDA (ex stock options)
- EBIT

## Cash Generation

- Cash flow from operating activities
- Free cash flow



# Key User Metrics FY2010 -

January 2010

Operator Mini  
Users

- 2.1\* Million

Opera  
Branded Mini  
Users

- 50 Million

Desktop  
Users

- 48 Million

# Revenue Growth Priorities

## Revenue Opportunity

**#1** Grow Active Users with Operators

Mobile Internet Users  
Operator Data Revenue  
Opera Market Share

**#2** Grow Desktop Users

Desktop Internet Users  
Growth in Online Ads  
Opera Market Share

**#3** Grow Opera Mini User Base and ARPU

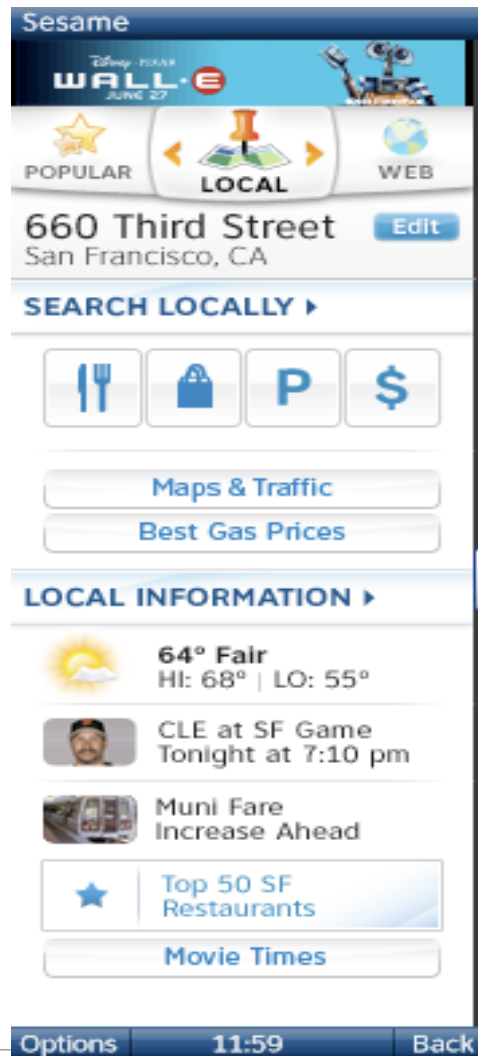
Mobile Internet Users  
Mobile Ads, Search, Apps,  
Commerce  
Opera Market Share

**#4** Drive volumes from Tier 1 Connected TV Vendors

Global shipments of  
connected TVs  
Opera Market Share

# AT&T (Motricity)

## Example of Operator Branded version of Opera Mini



# Opera Consumer

## Example of 100% Opera Branded

The screenshot shows the Opera Mini 5 beta mobile interface. At the top is a red header with the text "Opera Mini 5 beta". Below this is a search bar with "WWW." and a "Google" button. A red oval highlights the "Download games" and "Watch videos" links. Below these are several content tiles: BBC NEWS, The New York Times, Wikipedia, Facebook, Flickr, and Twitter. At the bottom is a "Menu" button, the time "17:28", and an "Exit" button. Three red arrows point from text labels to specific parts of the interface: one from "SEARCH" to the search bar, one from "CROSS SELLING (DESKTOP), ADVERTISING, ECOMMERCE" to the "Download games" and "Watch videos" links, and one from "ADVERTISING" to the bottom of the content tiles.

**SEARCH**

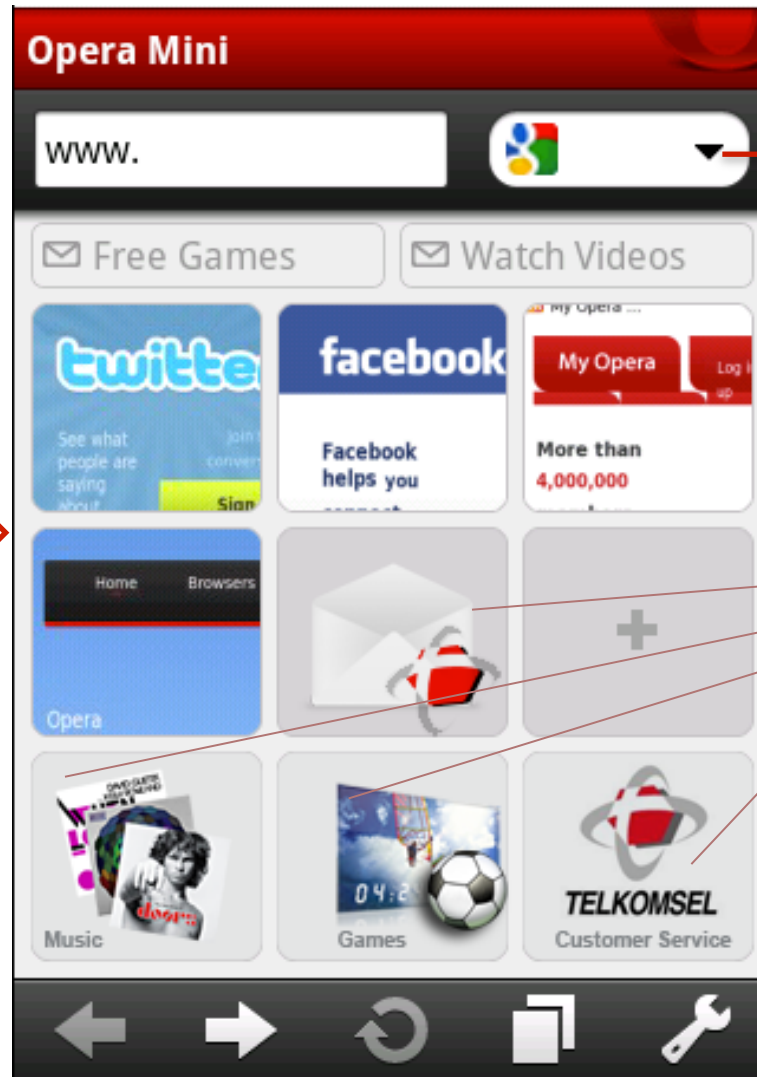
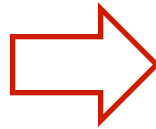
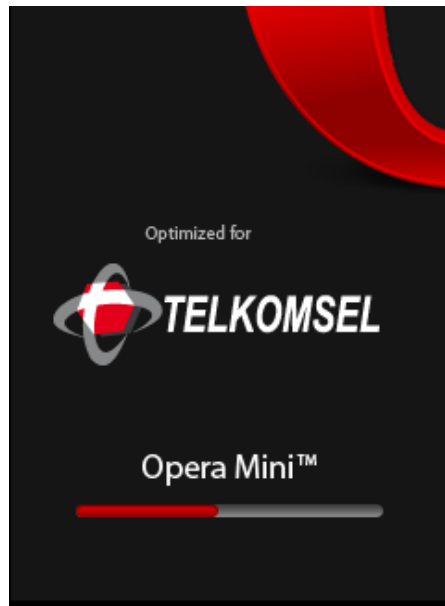
**CROSS SELLING (DESKTOP), ADVERTISING, ECOMMERCE**

**ADVERTISING**

**AdMarvel**  
MAKING MOBILE ADVERTISING WORK

# Telkomsel

## Example of Opera and Operator Co-Branded



**Services Toolbar** - 1 or 2 links updatable over the air

**Speed Dial** - 1-click access to Telkomsel portals and services

**AdMarvel**  
MAKING MOBILE ADVERTISING WORK

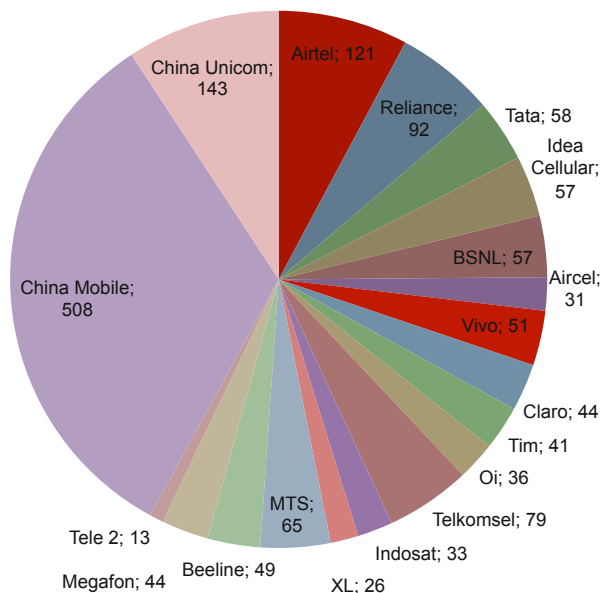
# Opera's Revenue Opportunity and Goals

Segment	Marketsize (Users) 2009	Opera Users	Opera Mkt Share	Market Growth 2010-2012	Market 2012	Opera Goal (2010-2012)
<b>Desktop (Total)</b>	<b>1.73 billion</b>	<b>46 mm</b>	<b>2.7%</b>	<b>12%</b>	<b>2.3 billion</b>	<b>Outgrow market</b>
Desktop (Developed markets)	1.12 billion	10 mm	<2%	6%	1.3 billion	Outgrow market
Desktop (Emerging markets)	.61 billion	36 mm	6%	19%	1.0 billion	Outgrow market
<b>Mobile Internet (Total)</b>	<b>200 mm</b>	<b>52 mm</b>	<b>26%</b>	<b>71%</b>	<b>1.0 billion</b>	<b>Outgrow market</b>
Mobile Internet (Opera Branded)		50 mm	25%	71%	1.0 billion	Outgrow market
Mobile internet (Operator + Co-branded)		2.1 mm	1%	71%	1.0 billion	Significantly grow as a % of Total Opera Mobile Internet users
<b>Connected TV's</b>	<b>15 mm shipments</b>	<b>NA</b>	<b>NA</b>	<b>85%</b>	<b>50 mm shipments</b>	<b>#1 Market Share</b>

Sources: Internet World stats, Morgan Stanley, eTForecasts, Gartner, GS Statscounter for 2009 and projected data.

# Opera's Revenue Opportunity: Major Mobile Operators

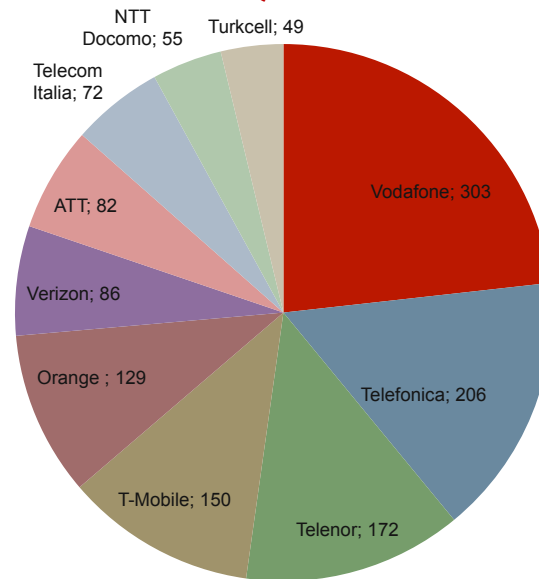
## Mobile subscribers Emerging markets HQ



1.6B subscribers

Opera working with  
6 of 20 opcos today

## Mobile subscribers Developed markets HQ



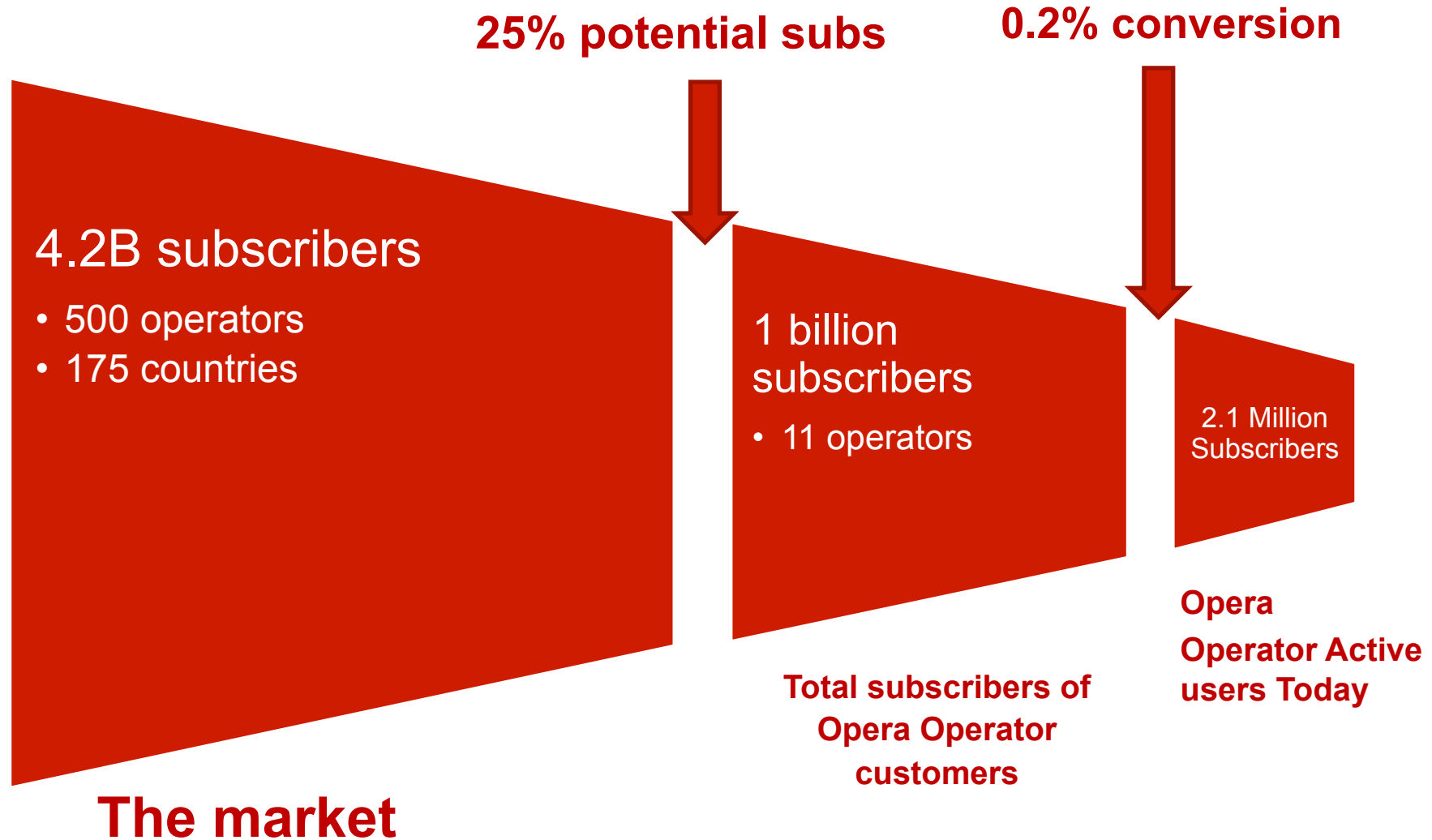
1.3B subscribers

Opera working with  
5 of 10 opcos today

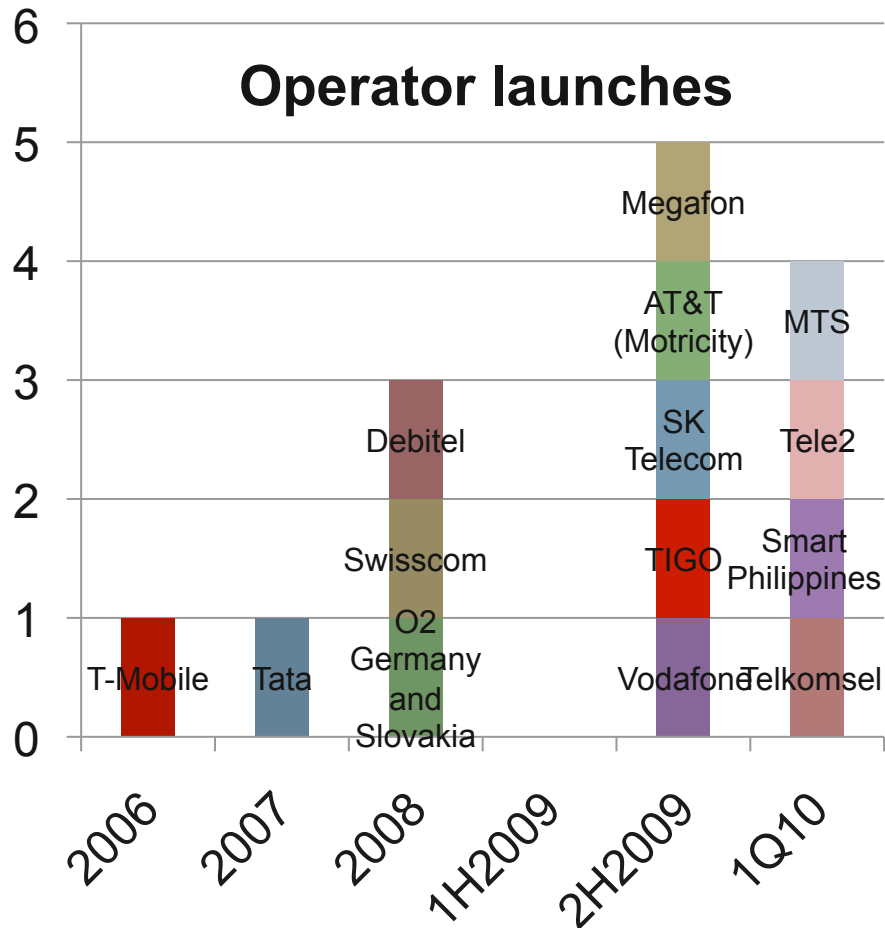
**Top 30 Operators have nearly 75% of Global Mobile subscribers**  
**Opera already has agreements with 11 out of top 30 operators globally**



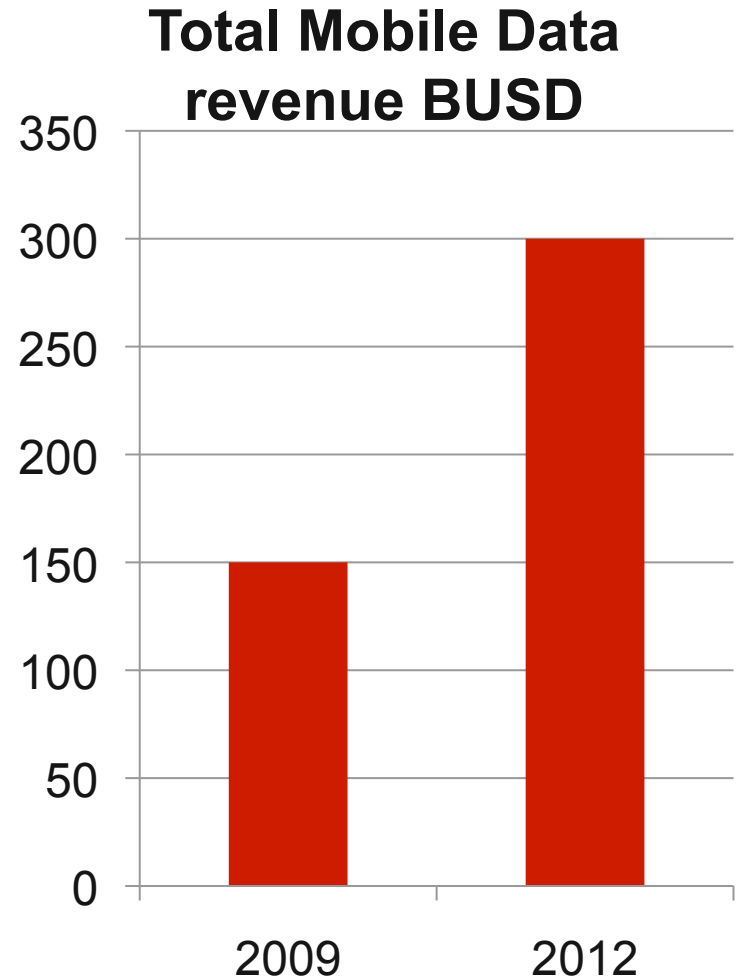
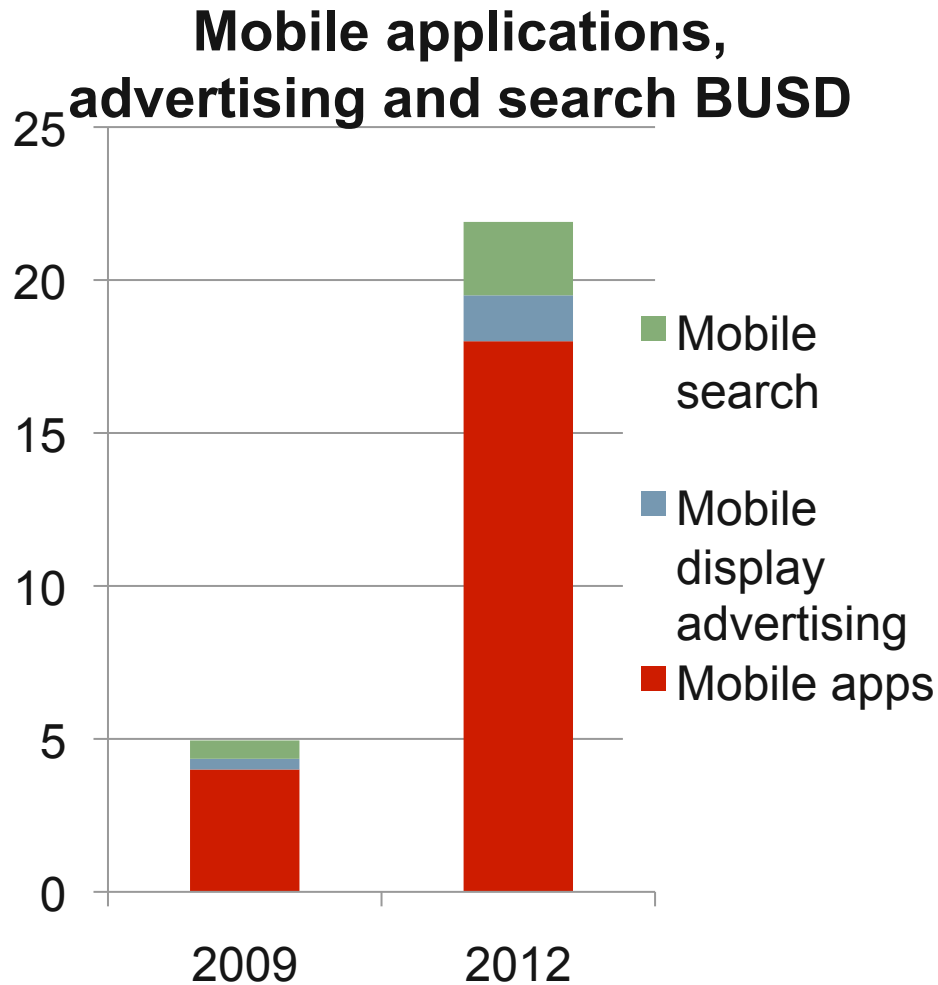
# Opera has a big opportunity to increase penetration within the Operator segment



# And many of Opera's new mobile operator customers are just launching Opera Mini

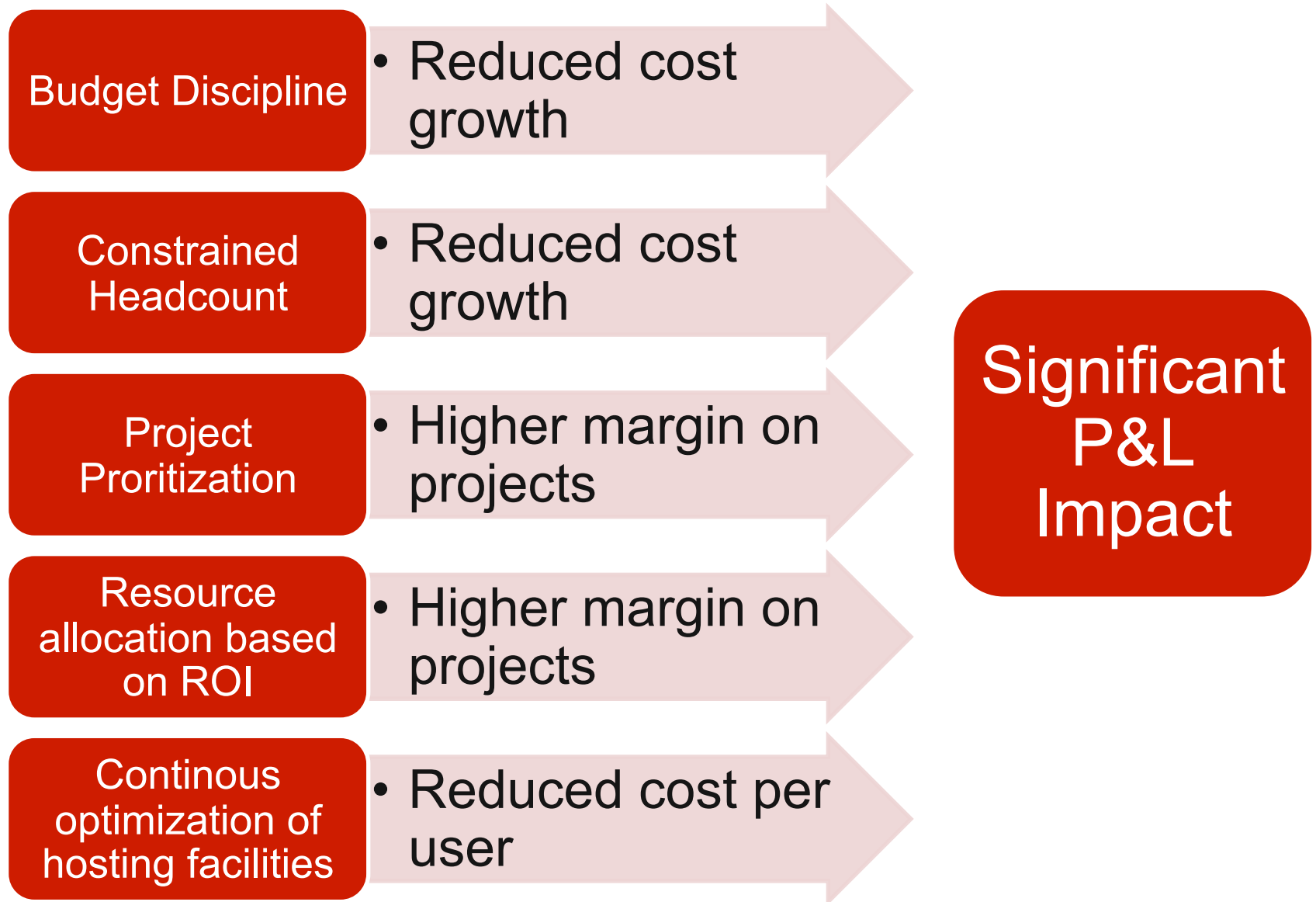


# Opera's Revenue Opportunity: Opera Branded and Co-Branded Mini



Sources: Morgan Stanley, Gigaom, Pyramid Research

# Opera Strategy: Cost management overview



# Key Incremental Cost Drivers

Pre FY2009

OEM Development  
and Delivery Projects

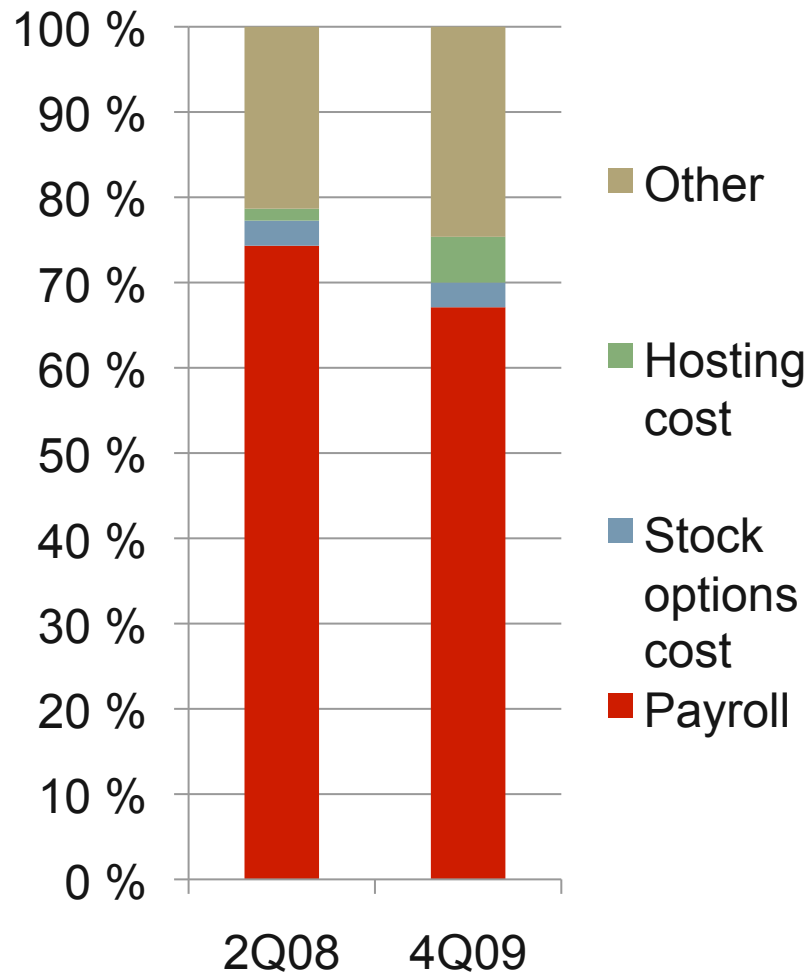
Headcount

FY2010 -

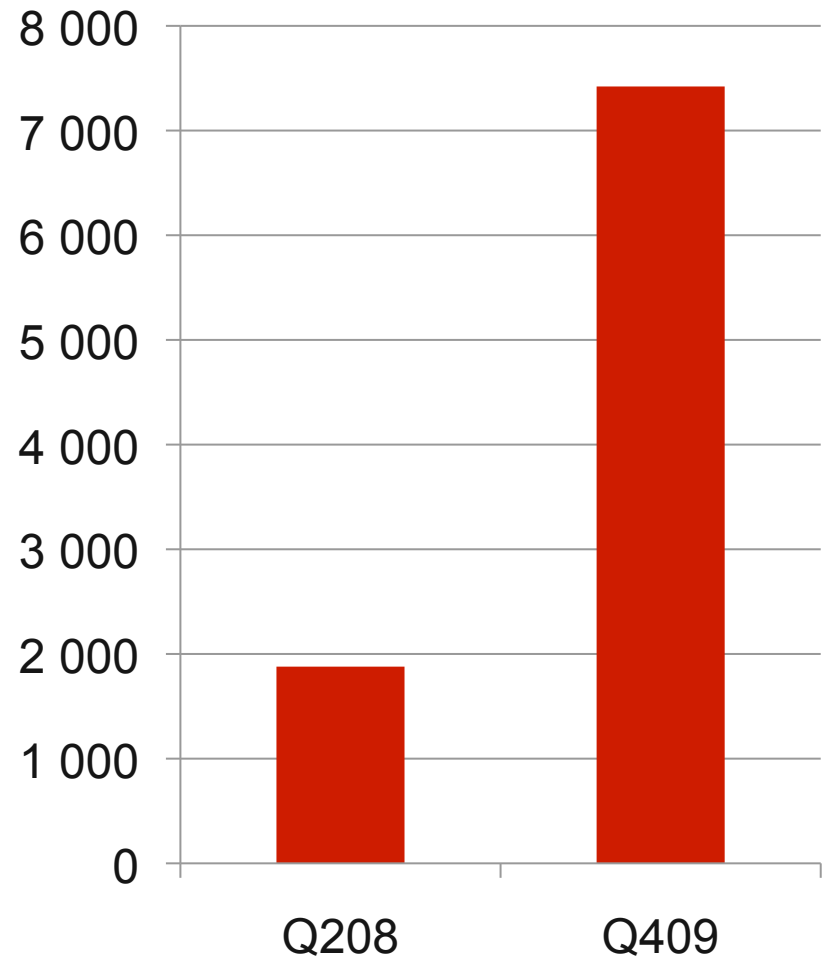
Users of Opera  
server products  
(Mini, Desktop Turbo)

Hosting costs

# Hosting costs to be a bigger cost driver in the future



## Hosting cost\* KNOK



\* Hosting costs include: Bandwidth, electricity, depreciation and co-location costs.

# Summary

- Opera has a large and rapidly growing user base to drive revenue growth going forward
- The revenue opportunity for Opera with operators and consumers is significant
- Most of Opera's mobile operator customers are just launching Opera's products and uptake so far is very encouraging
- Opera is committed to sequential revenue and profit growth going forward and has an execution plan and strategy to achieve that
- **Opera's long-term profitability goal is an EBITDA (excluding stock option costs) margin of 30%+**