



Opera Software: Third quarter 2010

Agenda

1. Highlights

Lars Boilesen, CEO

2. Financial review

Erik Harrell, CFO/COO

3. Operations review

Lars Boilesen, CEO

4. Q&A

3Q 2010 Financial highlights

	Financial metric	3Q10 Status report (MNOK)	3Q09 (MNOK)
Revenue	Total revenue	178.3	134.8
Profitability	EBITDA*	45.8	2.1
	EBIT	34.8	-4.6

- Revenue and cost in line with expectations
- Operator revenue increasing as portion of revenue; NRE revenue declining
- Good user growth from operators

*Non-IFRS EBITDA excludes stock option costs

** Operating Cash Flow less capital expenditures

Highlights (1Q10 – 4Q10TD)

Operators

- Volume growth with tier-one operators such as AT&T, Vodafone, MTS, Telkomsel, TIM Brazil: Total of 7.5 million Opera Mini users in October
- Key wins: Telenor & Verizon
- Strong deal flow and ramp up, Nextel, Telkomsel, MTS, Megafon, TIM, Smart, Tigo, Tele2 – all recently or about to launch Opera products

Mobile/Devices

- Continued strong growth in Asia: Key wins with Acer, ZTE, Sharp, Realtek, Yulong, Huawei Mobile, Toshiba
- Strong pipeline for new form factor devices, like TV and STBs
- Increasing shipments of Opera on TVs

End users

- 140+ million people use Opera every month (Opera Mini, Opera Desktop, Opera Mobile and other devices)
- New versions launched (Opera 10.60 and Opera Mini 5.1), driving further user and revenue growth





Financial review

A note from our lawyers

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3Q 2010 Financial highlights

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Revenue	Total revenue	178.3	134.8
Profitability	EBITDA*	45.8	2.1
	EBIT	34.8	-4.6
Cash generation	Operating Cash Flow	-1.6	47.4
	Free Cash Flow**	-5.7	40.9

*Non-IFRS EBITDA excludes stock option costs

** Operating Cash Flow less capital expenditures

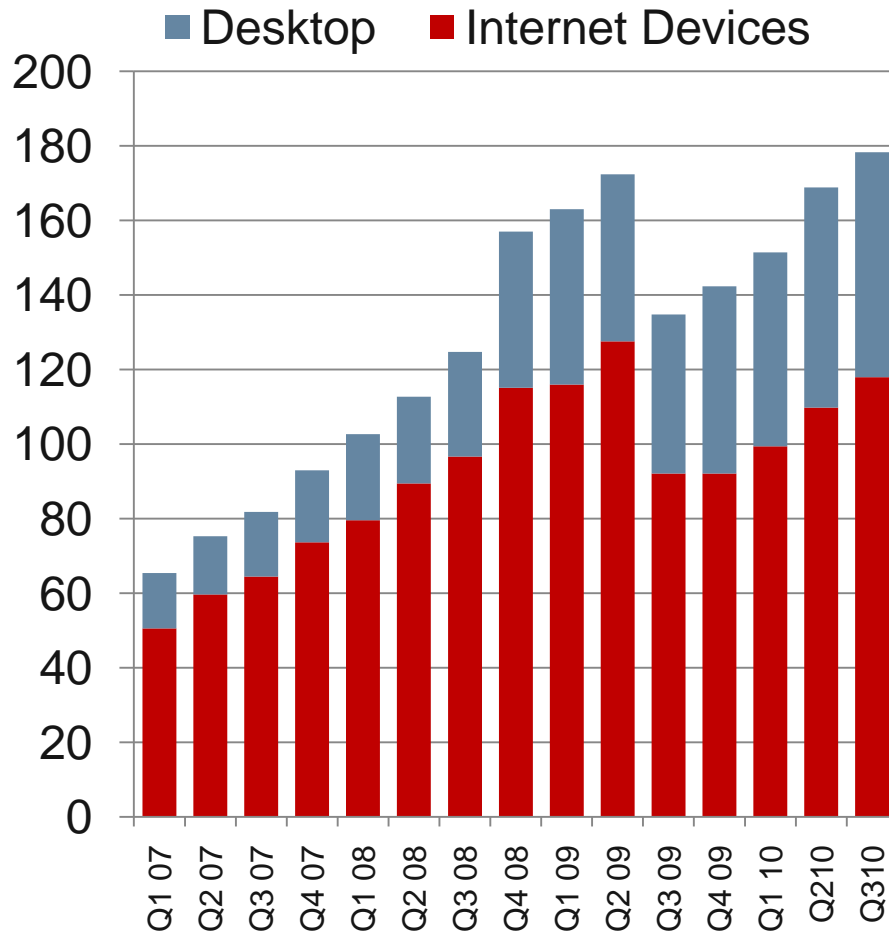
3Q10 Financial review

MNOK	3Q2010	3Q2009	Q on Q		9M 2010*	9M 2009	9M vs 9M
Desktop +	60.3	42.8	41%		171.4	134.5	27%
Internet Devices +	118.0	92.0	28%		327.2	335.7	-2%
Total revenue =	178.3	134.8	32%		498.7	470.2	6%
Payroll and related expenses -	94.5	96.1	-2%		290.0	297.0	-2%
Stock option costs -	5.1	2.7	88%		13.3	10.2	31%
Depreciation and amortization -	5.9	4.0	48%		16.4	10.0	65%
Other operating expenses -	38.1	36.6	4%		110.0	103.4	6%
Total expenses =	143.6	139.4	3%		429.7	420.5	2%
EBIT	34.8	-4.6			68.9	49.6	
Net Income	20.2	-12.0			44.7	26.9	
EPS (NOK)	0.17	-0.10			0.37	0.23	

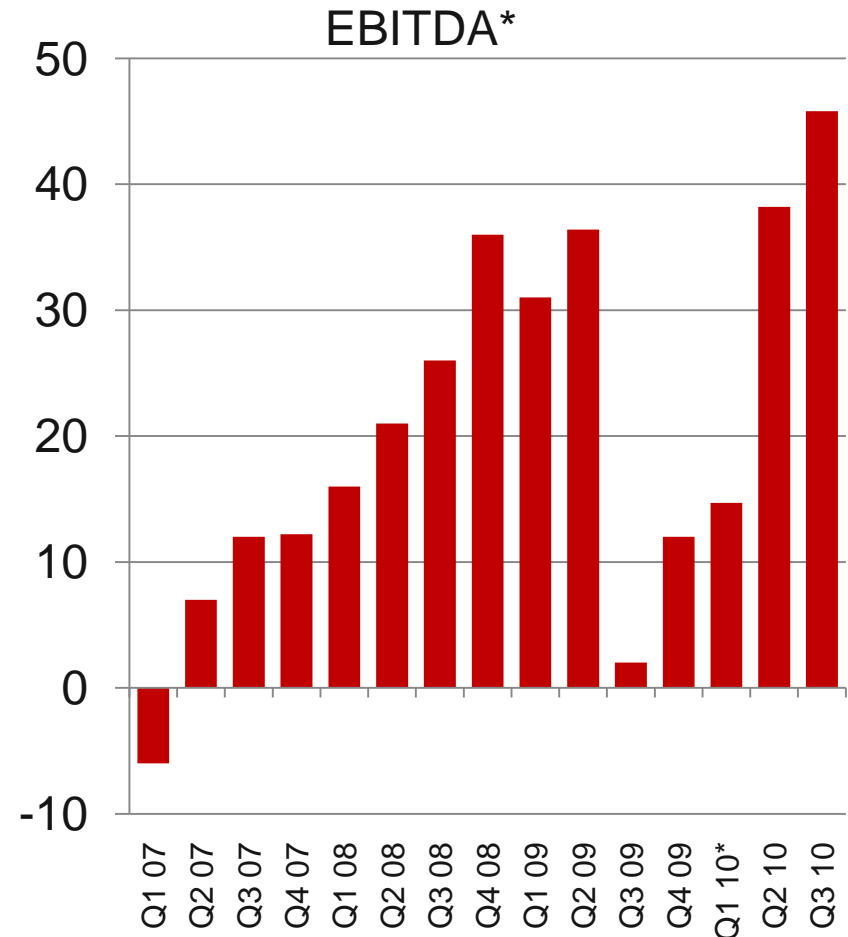
* Excludes an extraordinary one-time charge of MNOK 29.1 in 1Q 10

Financial highlights: 1Q07-3Q10

Operating revenues (NOK Million)



EBITDA* (Non-IFRS) (NOK Million)



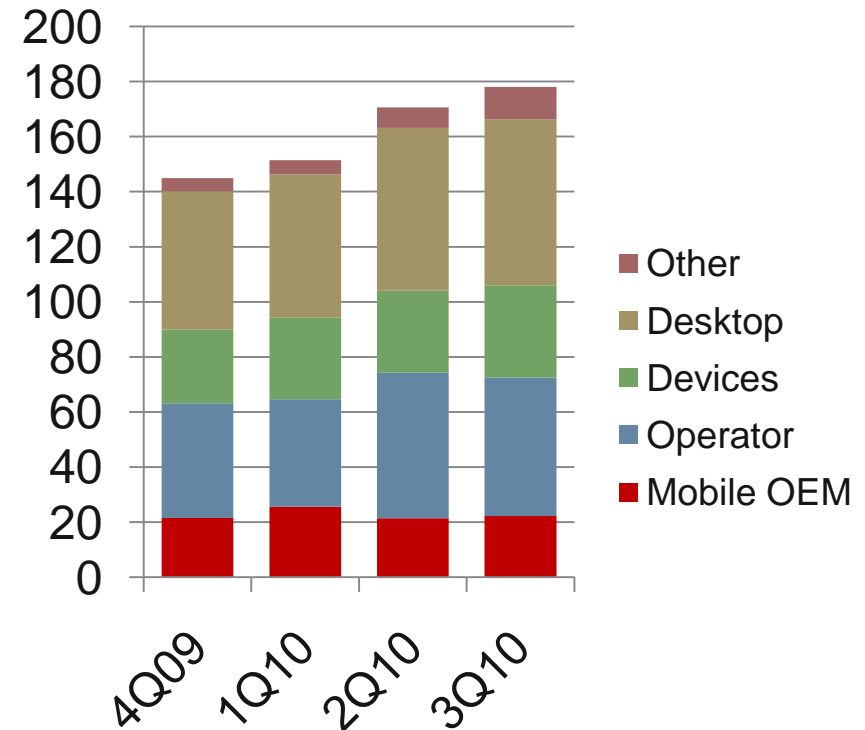
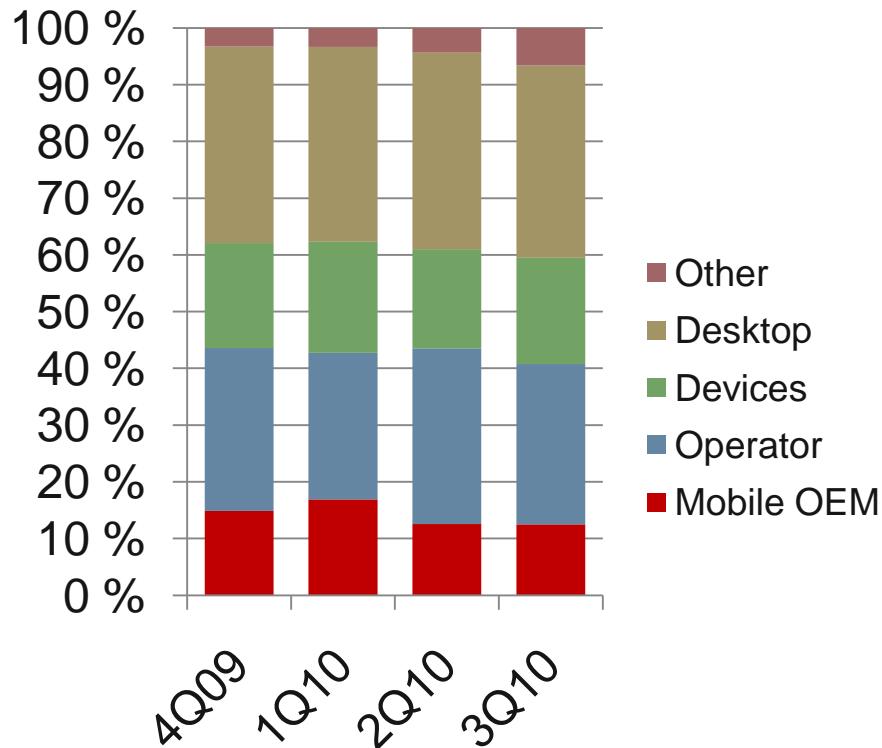
* Non-IFRS EBITDA excludes stock option costs and an extraordinary one-time charge of MNOK 29.1 in 1Q 10

Revenue growth drivers

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

Revenue: Customer Type (3Q10)

- Operator revenue generally in line with expectations
- Desktop revenue stronger than expected
- Device revenue in line with expectations
- Mobile OEM revenue stronger than expected
- Other Revenue in line with expectations with good contribution from AdMarvel



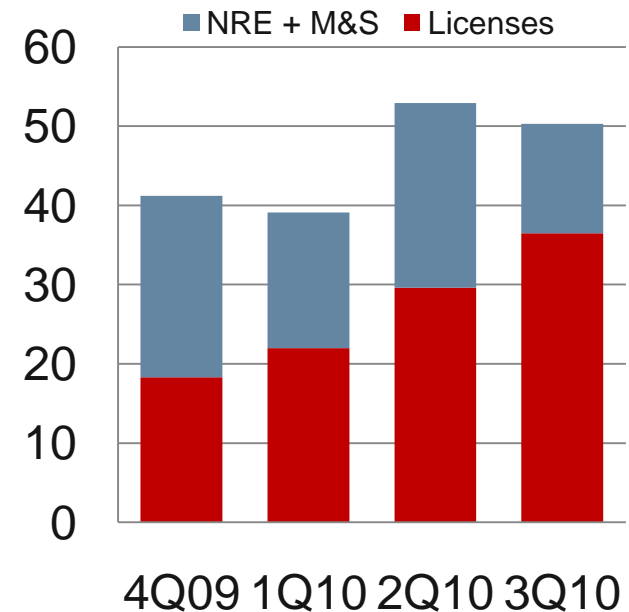
Revenue: Operators (3Q10)

- Operator revenue generally in line with expectations with license revenue up as expected
- 488% Operator Opera Mini user growth September 2010 vs. September 2009
- User growth driven by Motricity (AT&T) and Telkomsel, in particular



* Operator and co-branded Opera Mini subscribers

MNOK Operator Revenue Total

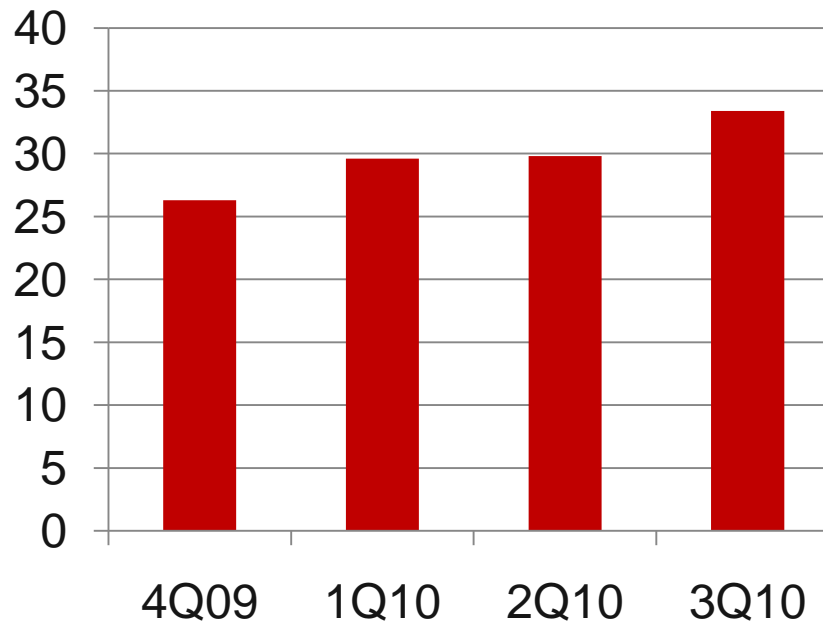


Note: Opera Mobile shipments were 1.7mm in 3Q10 from Operators

Revenue: Device OEMs (3Q10)

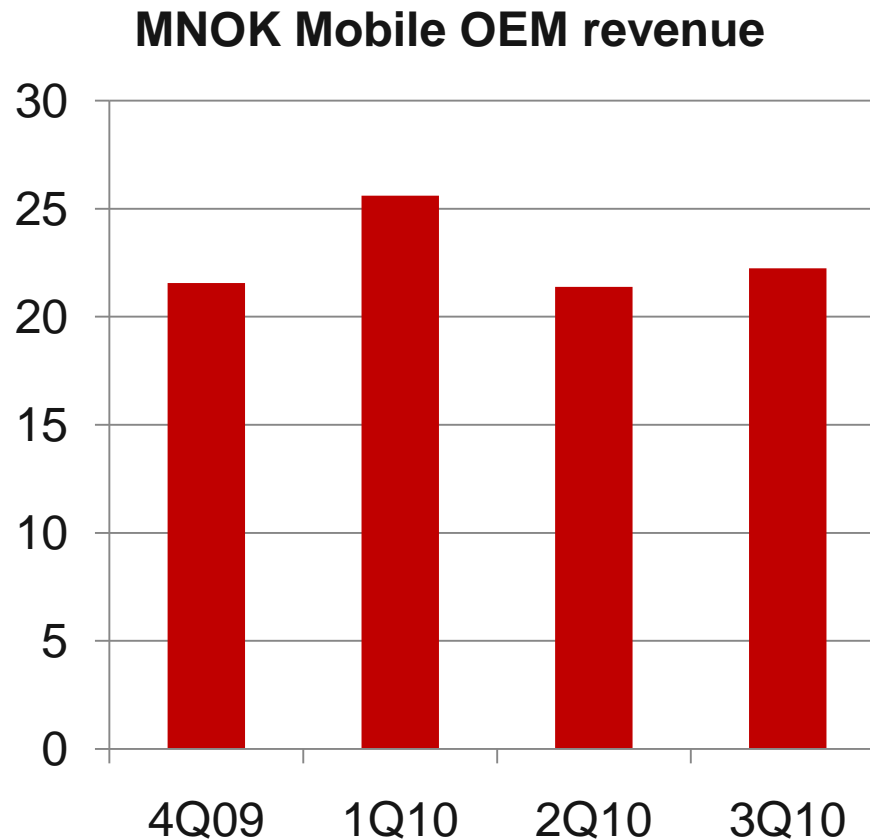
- Device OEM revenue in line with expectations
- Revenue driven primarily from the gaming console and ConnectedTV segments
- License revenue: 65%+ of revenue

**MNOK Device OEM
Revenue**



Revenue: Mobile OEMs (3Q10)

- Mobile OEM revenue stronger than expected due to wins in the quarter such as TCL



Opera Mobile shipments were 1.3mm in 3Q10 from Mobile OEMs

Revenue Type: Internet Devices (3Q10)

- NRE revenue down as expected
- M&S revenue in line with expectations
- Opera Mini revenue generally as expected, with strong growth in license revenue

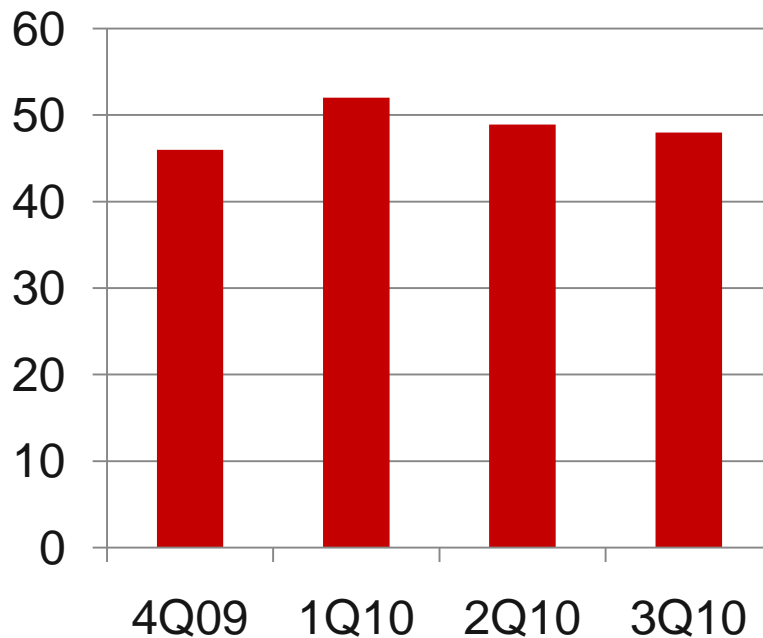
Revenue type	4Q09 (MNOK)	1Q10 (MNOK)	2Q10 (MNOK)	3Q10 (MNOK)
NRE	28	34	29	19
M&S	14	11	11	10
Total Opera Mini*	20	22	35	40

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

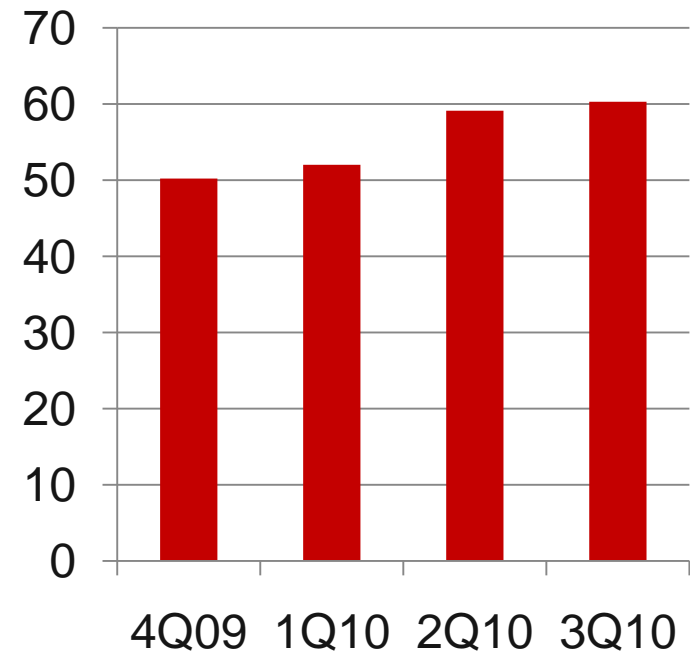
Revenue: Desktop (3Q10)

- Desktop revenue higher than expected
- Desktop user growth as expected, in seasonally weaker quarter
- Higher ARPU than expected due to higher search and content partnership revenue

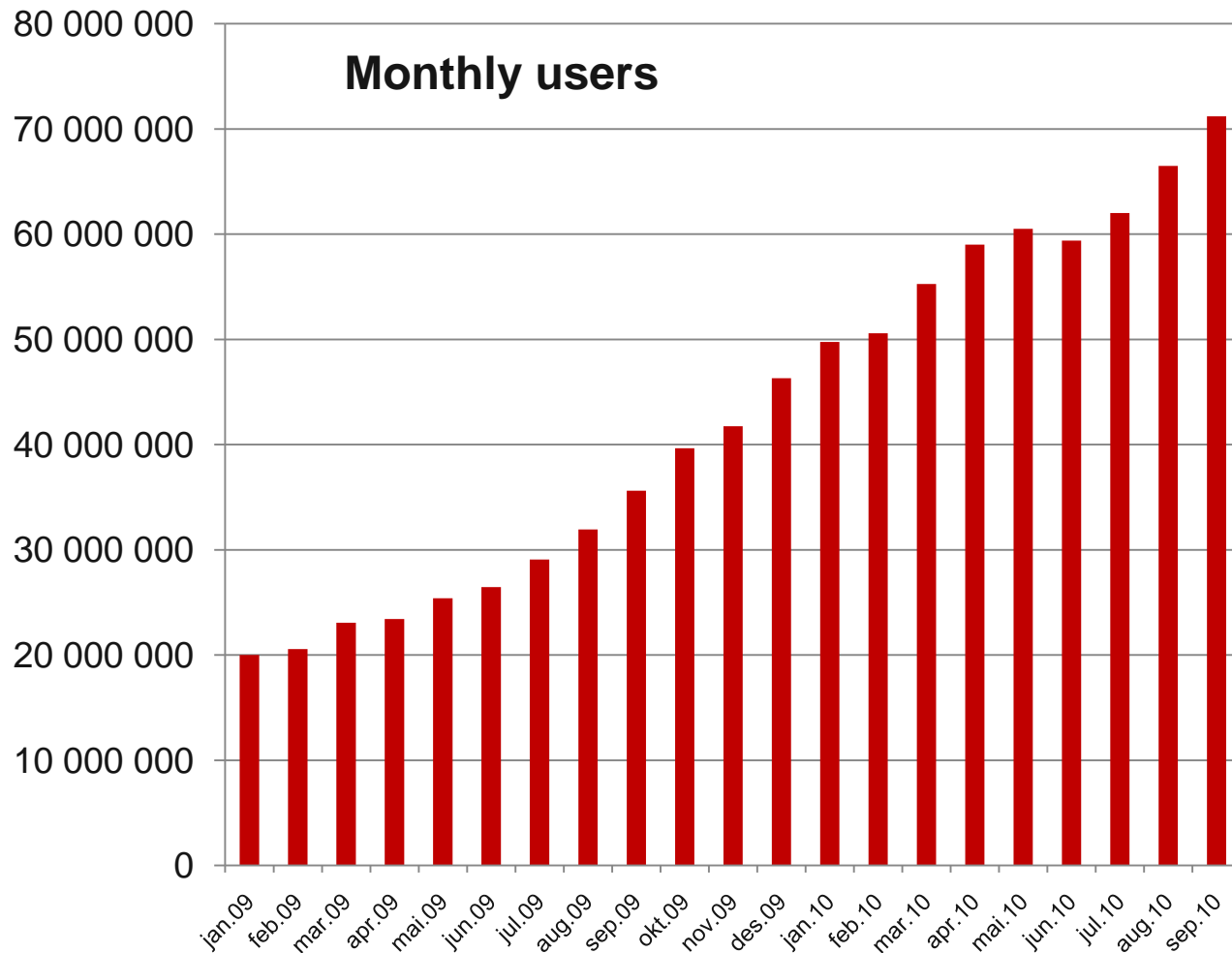
Monthly Desktop users
(last month of quarter)



Desktop Revenue
(MNOK)



Revenue: Opera-branded Opera Mini (3Q10)



- 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
Operator Opera Mini users	2.1* Million	3.5* Million	5.2* Million	7.5* Million
Opera-branded Opera Mini users	50** Million	59** Million	62** Million	75** Million
Desktop	48 Million	52 Million	47 Million	50 Million

*Operator branded + Opera/Operator co-branded agreements

**Includes the co-branded operator users.

Cost management priorities

Budget discipline

- Reduced cost growth

Constrained headcount

- Reduced cost growth

Project prioritization

- Higher margin on projects

Resource allocation
based on ROI

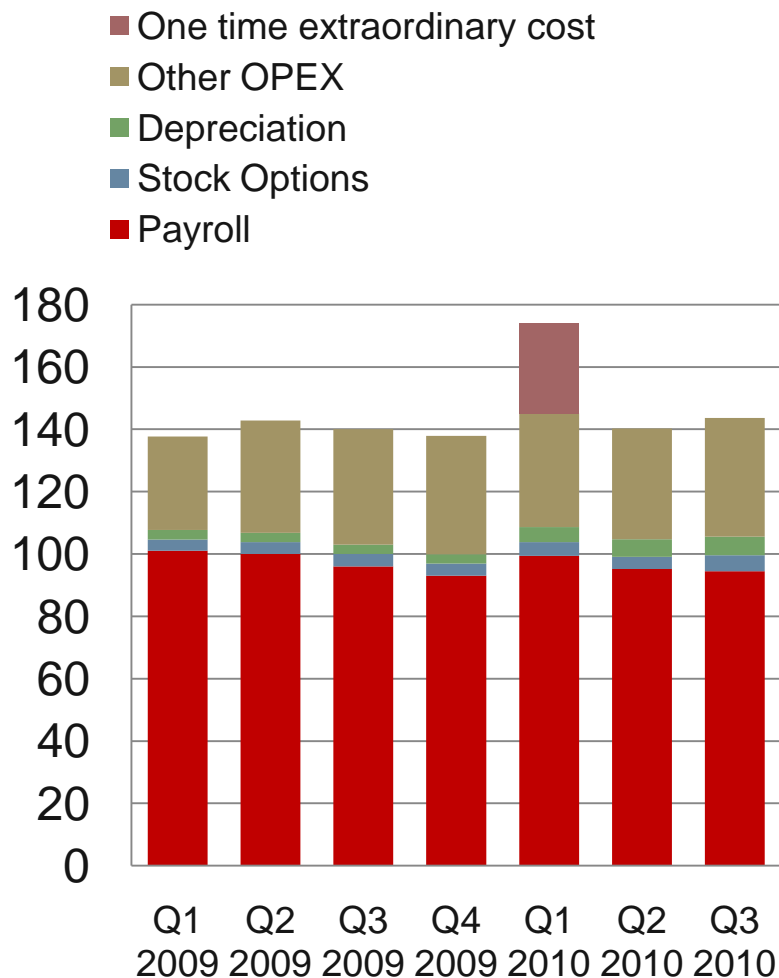
- Higher margin on projects

Continuous optimization
of hosting facilities

- Reduced cost per user

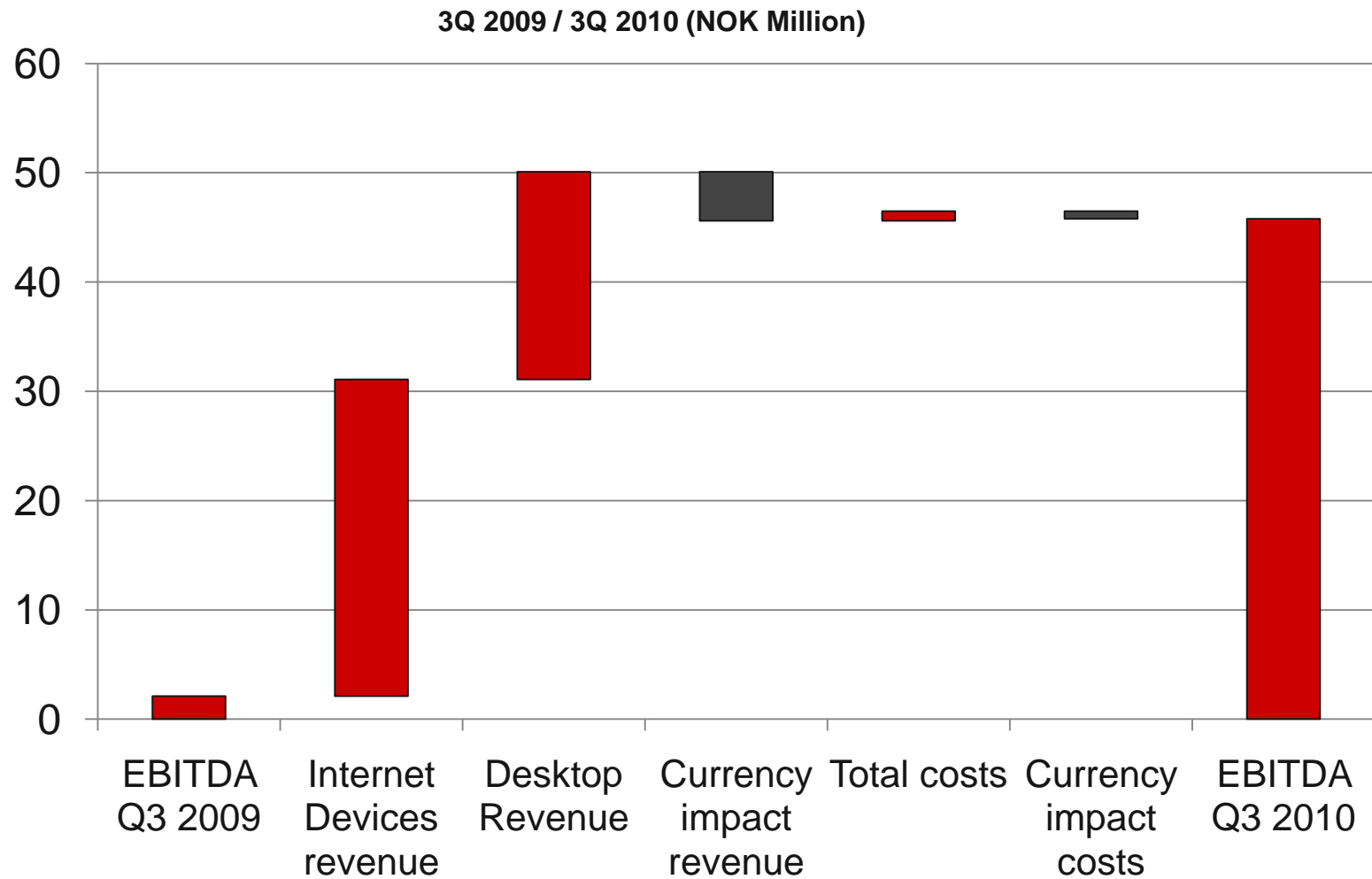
OPEX development

OPEX (NOK Million)



Cost line	3Q10 vs. 3Q09	Comments
Payroll	-2%	<ul style="list-style-type: none"> Lower headcount (6%) vs. 3Q09
Stock options	88%	<ul style="list-style-type: none"> New employee option grants issued during the last twelve months.
Depreciation & Amortization	48%	<ul style="list-style-type: none"> Investments in primarily Opera Mini server hosting infrastructure Amortization related to acquisition of AdMarvel and Fastmail
Other OPEX	4%	<ul style="list-style-type: none"> Lower headcount associated expenses, such as travel and equipment for employees Hosting costs of MNOK 11.4 in 3Q10 versus MNOK 7.2 in 3Q09
Total Expenses	3%	<ul style="list-style-type: none"> Generally good cost control

EBITDA* development



*Non-IFRS EBITDA excludes stock option costs

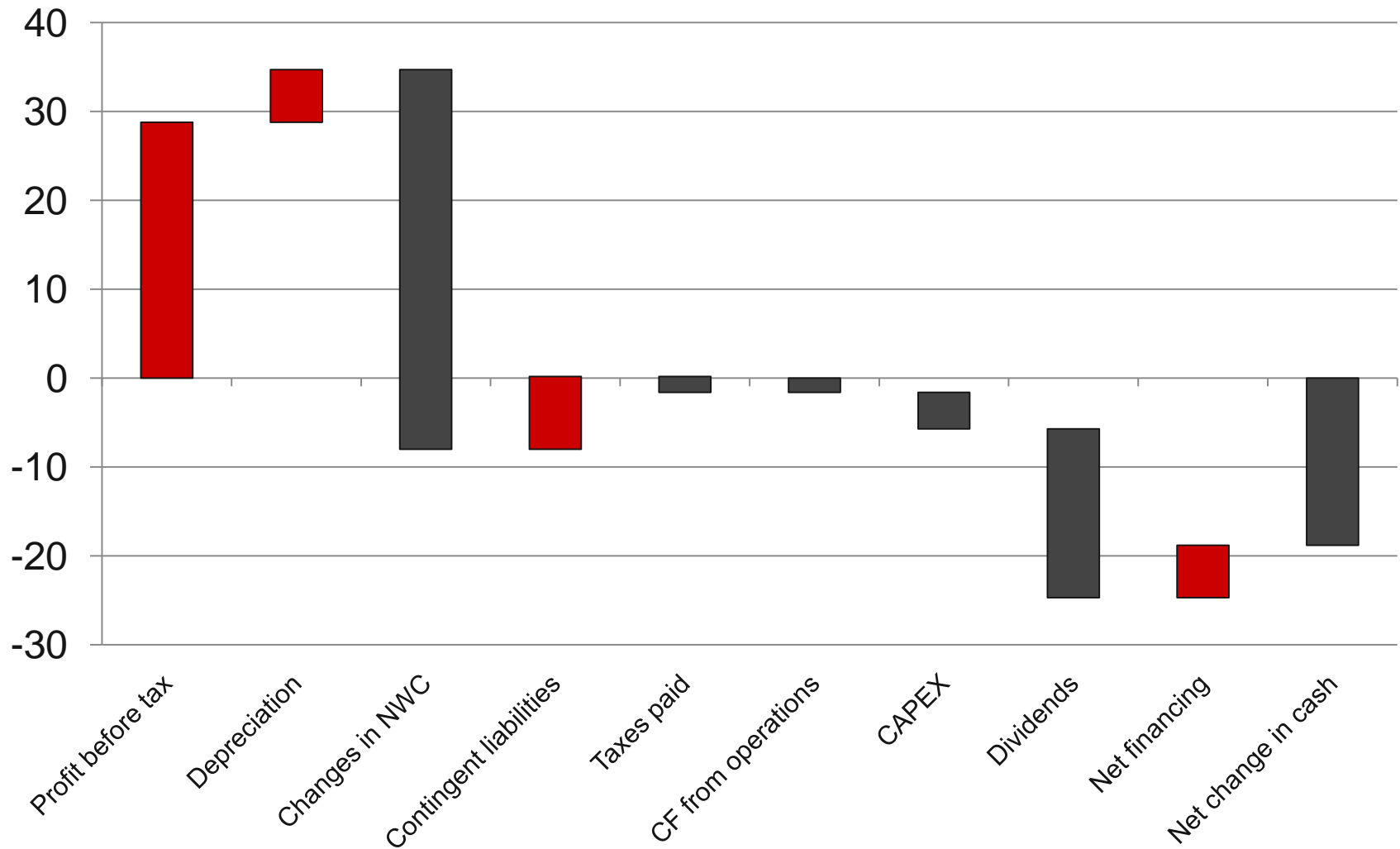
Strong capital structure

Balance sheet highlights:

Metric	3Q10 (MNOK)	3Q09 (MNOK)
Cash	509	580
Interest bearing debt	0	0
NWC*	-61	-82
Equity	629	601

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

Cash flow 3Q10 (MNOK)



Financial high-level summary: 4Q10*

- **Revenues: Expectations vs. 3Q10 (constant currency)***
 - Solid revenue growth from operators
 - Increase in desktop revenue as we move into seasonally strong 4Q
 - Flat revenue from Device OEMs
 - Fall in revenue from Mobile OEMs due to lower NRE and license revenues
- **Expenses: Expectations vs. 3Q10 (constant currency)***
 - **Payroll**
 - Increase due to new hires and lower vacation effect vs. 3Q10
 - **Stock option costs**
 - In line with 3Q10
 - **Other operating expenses**
 - Expect higher marketing, hosting, travel and other costs as enter higher activity 4Q

Assumes currency remainder of 4Q10 (NOK 6.0 /USD, NOK 8.2 /EUR).

2010/4Q Updated guidance

Metric	2010*** (Earlier)	2010 (Updated)	4Q 2010
Revenue*	MNOK 680-690	MNOK 684-692	MNOK 185-193
Expenses**	MNOK 585-595	MNOK 582-588	MNOK 152-158

* Assumes currency remainder of 4Q10 (NOK 6.0 /USD, NOK 8.2/EUR).

** Includes payroll, other OPEX, stock option costs and depreciation, expenses exclude extraordinary restructuring charges and acquisition costs

*** Given at 2Q10 presentation



Operations update

Winning the users

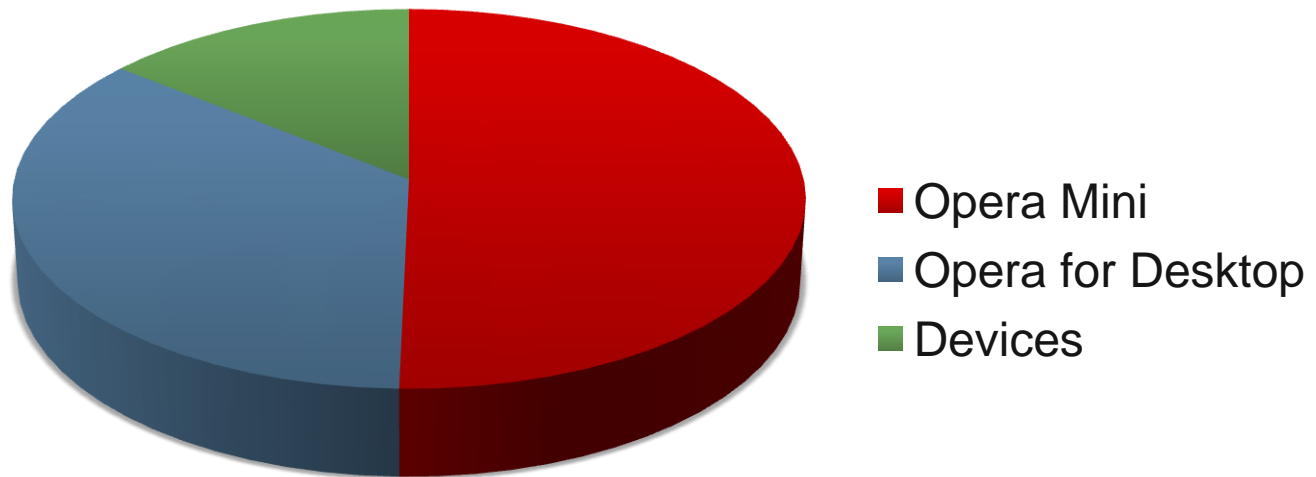


**More than ever,
our industry is
all about
winning users.
Opera is
incredibly well
positioned.**



- **Industry position:** The open and independent alternative
- **Users:** Large and fast-growing userbase across platforms and devices
- **Customer portfolio:** Leading operators and OEMs driving Opera's brand in key markets
- **Innovation:** Unique ability to improve how the web is used
- **Acquisitions:** AdMarvel and FastMail providing fast access to new business models and services

140+ million people use Opera

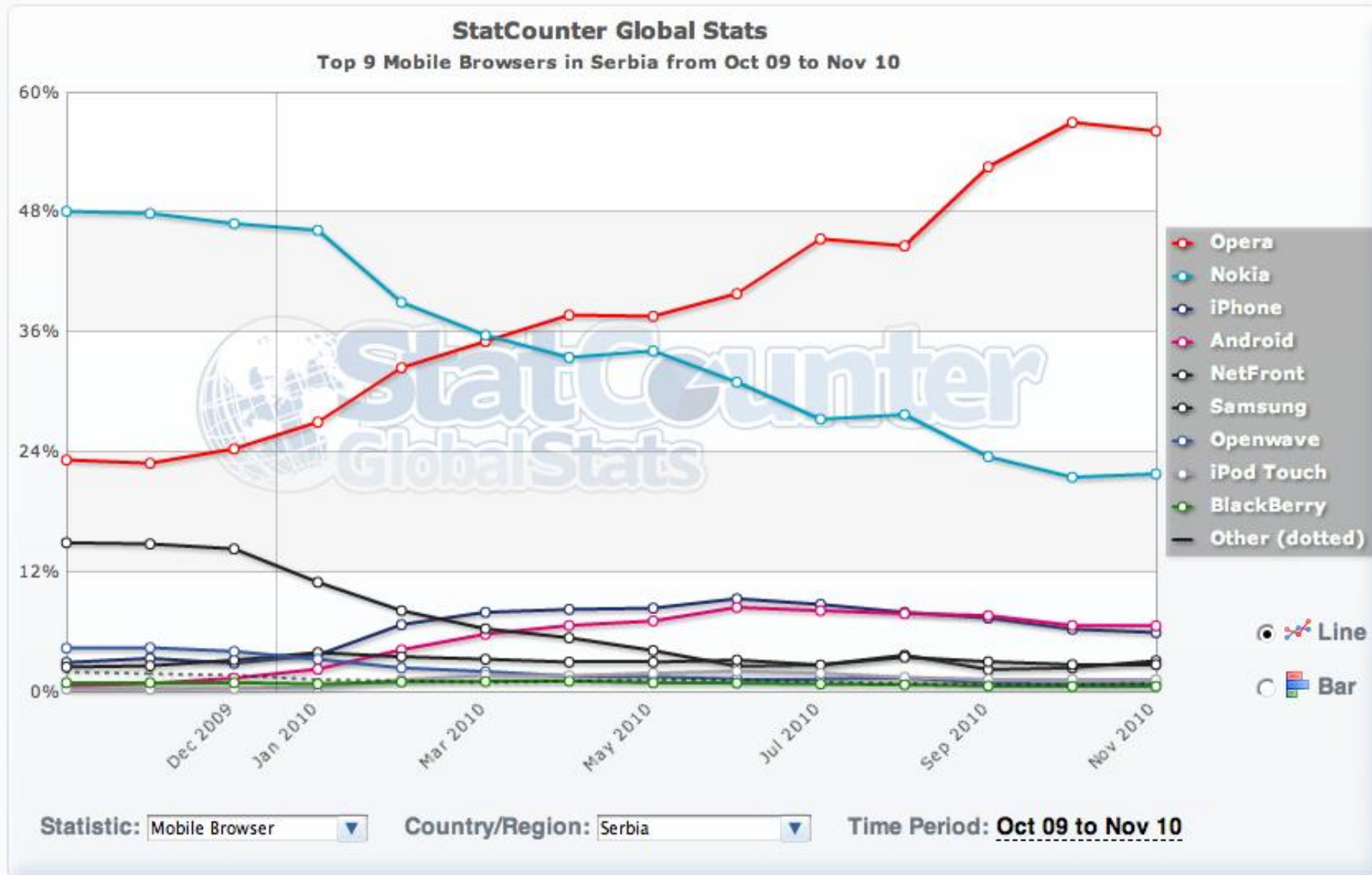


Telenor Serbia


- Biggest partner launch so far
- Offer: bundle of Internet services called "Klik", which includes Opera Mini, Facebook and email
- Free trial until end of 2010
- Fully integrated campaign, all above-the-line and below-the-line channels
- *"Introducing Telenor Klik with Opera feels like launching a small revolution."* Marek Slacik, Telenor Serbia Chief Marketing Officer.



Serbia today: Leading mobile browser



Walk the talk: Operators launch Opera



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мобильного интернета
круглосуточно

услуга **„БЕЗЛИМИТНАЯ Opera Mini.“**

информация по тел.: **649** ☎

tele2.
просто дешевле

Услуга „Безлимитная Opera Mini“ доступна для абонентов TELE2 Белгородской области. Для использования услуги необходимо загрузить приложение Opera Mini 2.x, 3.x, 4.x или 5.x версий по адресу <http://tele2.ru/opera/>. При подписании услуги GPRS-трафик от использования приложения Opera Mini не оплачивается. При этом тарифы от загрузки файлов или использования других приложений в интернете применяются согласно тарифному плану. Абонентская плата 3 руб. в месяц. Первая подписочная плата 6 руб. в месяц. Абонентская плата за сервисную поддержку включается в абонентскую плату. Подписочная плата включается на весь тарифный период, кроме исключений. Тарифы указаны в рублях с учетом НДС. Подробности по тарифам на www.tele2.ru. Поддержка Министерства РФ по связи и информации: 0739753. Лицензия Федеральной службы по надзору в сфере связи МП 50020, 39928.

Tele2 (Russia)



OPERA
software

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а Интернет — рядом.....

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- Подключите услугу «Безлимитный Интернет с Opera Mini»
- Пользуйтесь безлимитным мобильным Интернетом по цене не более 8 руб./сутки**

* С помощью данного кода вы можете мгновенно скачать браузер Opera Mini (подробнее о программе распространения см. <http://ru.opa.net>).
** Тарифы не применяются при просмотре веб-ресурсов. При загрузке файлов тарифы оплачиваются в соответствии с тарифными планами.

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Megafon (Russia)

Walk the talk: Operators launch Opera

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Walk the talk: Operators launch Opera

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Opera Mini

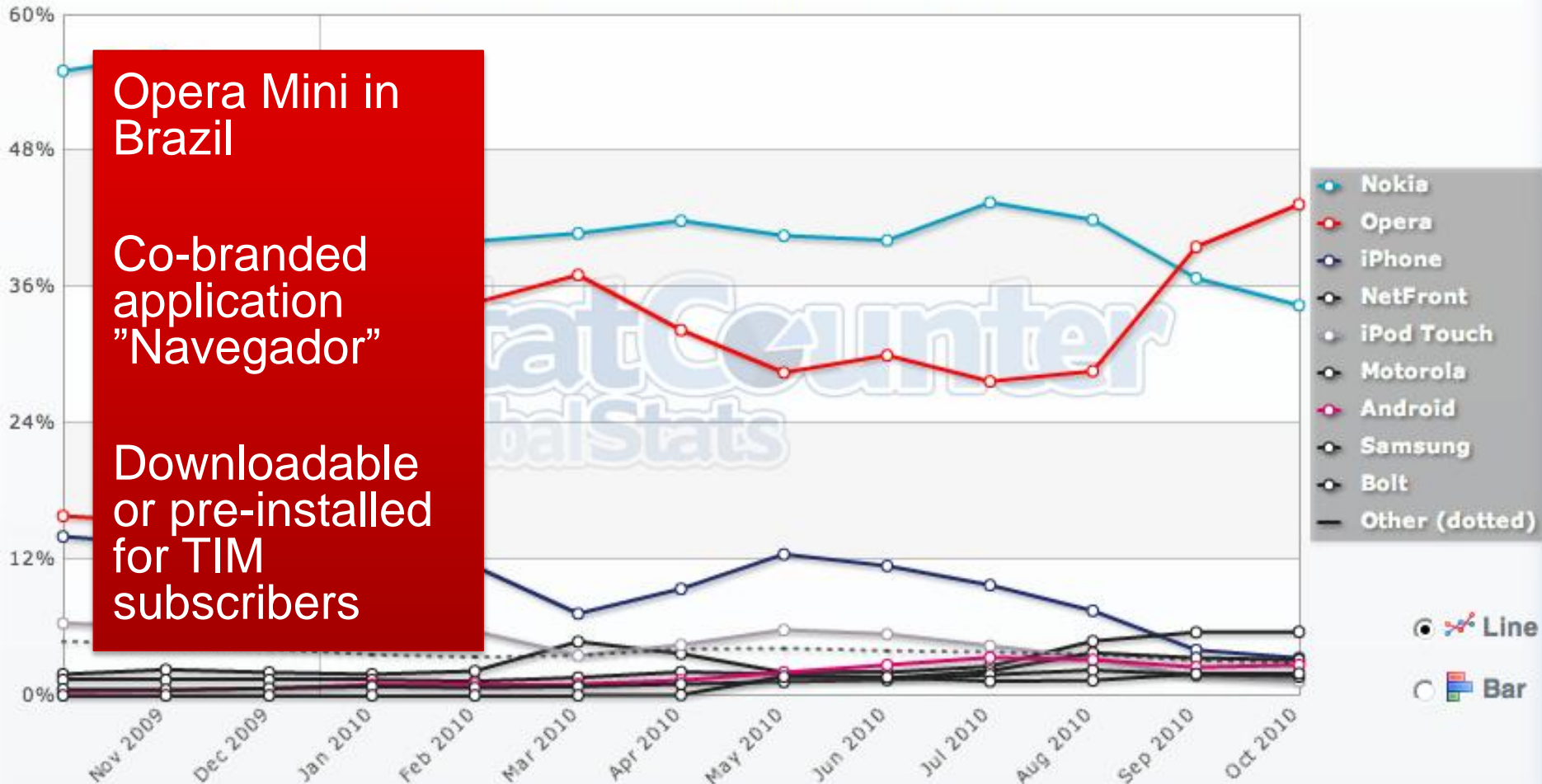
Available only to Mobile Phones.
(excludes modems). Fair usage policy applies
where usage is capped at 10MB. To download Opera Mini
browser, go to www.safaricom.com from your mobile phone.

SafaricomLIVE
Connect, Imagine, Discover.

SafariCom (Kenya)

TIM Brazil and Opera change the mobile Internet landscape in Brazil

StatCounter Global Stats
Top 9 Mobile Browsers in Brazil from Oct 09 to Oct 10



Status with key operators



- Released in 28 markets, ad-supported launches in 11 of these as of today with more to come



- Handsets launched, campaigns running. Opera pre-loaded in 24 handsets, with more to come



- Launched on Virgin Mobile USA, prepaid



- Four devices shipping with Opera



- Russia: Partnership launched and in full distribution, negotiating new markets
- India: Launched

Status with key operators

TELE2



- Russia: Launched nationwide in August with strong results
- Indonesia: Continuous growth, focusing on marketing to grow Opera Mini data-plan users
- Brazil: Launched in 3Q, looking to do more joint campaigns in Q4
- Philippines: Launched in 2Q, campaigning co-branded product
- Indonesia: Signed in 2Q

Status with key operators



- Colombia: Launched, co-brand deal
- Guatemala: Launched, co-brand deal
- Honduras: Launched, co-brand deal



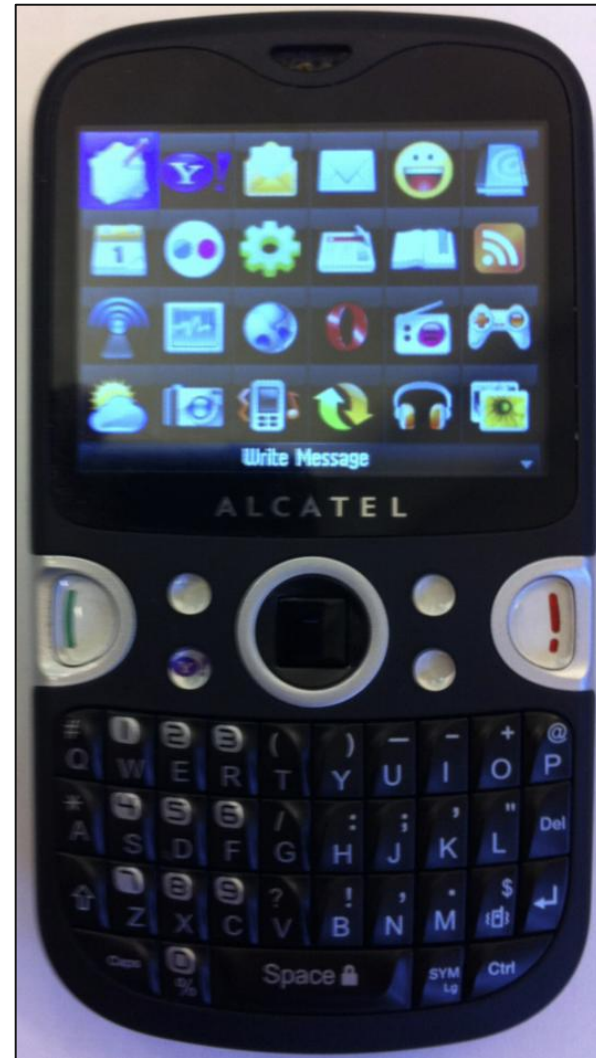
- India: Launched



- Russia: National deal signed and launched with strong results

Mobile manufacturers: Opera and TCL

- TCL Communication selects Opera Mini for its mobile phones.
- TCL is a tier-1 mobile phone/TV vendor in China (Alcatel & Thomson brand).
- TCL is a primary vendor to Vodafone.

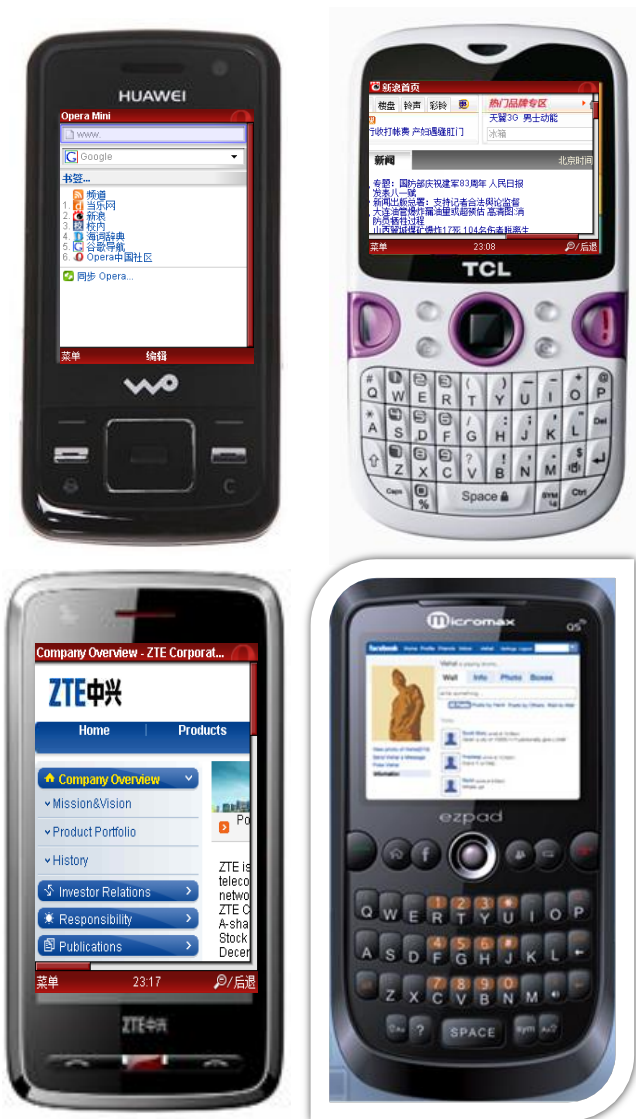


MediaTek and Opera

- Overall, MediaTek is the second biggest producer of handsets after Nokia.
- MediaTek just recently started shipping with preinstalled Opera Mini.
- Demand is strong from selected Operators (VF) and International Market (SEA & India) (45%).



Opera's manufacturer partners



Alcatel • ASUS • Beetel • Bright Telecom
• CASIO • Fly • Fujezone • HTC • Huawei
• Infibeam • Karbonn • Kyocera • Lava
• Lemon • LG Mobile • Micromax • Motorola
• MVL • Nokia • O2 • Olive • Pantech
• Samsung • Sharp • Sony Ericsson • Spice
• Spice • Toshiba • Wynncom • Yulong
• ZTE

Opera: The browser that fits them all

Number of new phones introduced:

Opera Mobile

3Q 2010: 8

2010 in total: 24

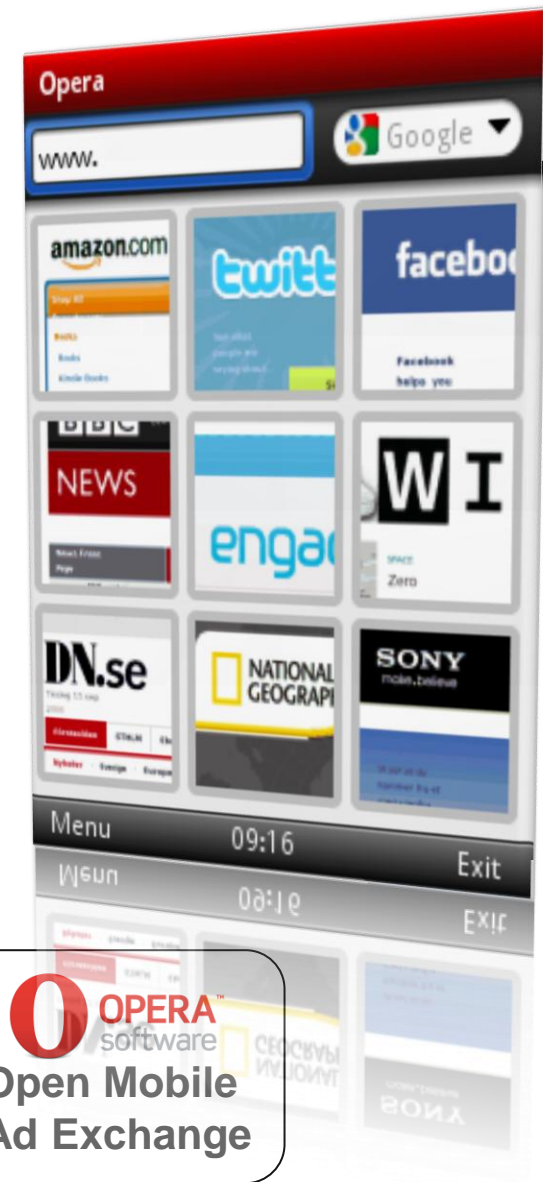
Opera Mini

3Q 2010: 36

2010 in total: 92

Open Mobile Ad Exchange

- Pairing users with the most relevant ads.
- Finding the best format and targeting the right consumers
- Platform for publishers
 - Superior visibility and control over advertising
 - Complete ad serving and campaign management
- Platform for advertisers
 - Superior visibility and control over targeting
 - Detailed reports on ad performance
 - Ability to address a vast global audience



Connected TV contracts

-1H-09

2H-09

1H-10

2H-10

Signed contracts

ZyXEL

PHILIPS

ALPHA
Alpha Networks Inc.

THOMSON

TechniSat
DIGITAL
DAS ORIGINAL

LOEWE.

SHARP.

MEDIATEK

Un-named

TOSHIBA

acer

 **REALTEK**

3Q: The return of the desk phone



Leadtek, a leading Taiwan-based manufacturer of video telecommunication products, has selected Opera Devices SDK to bring widgets and full web browsing to its new multimedia phones, AMOR 8210 and AMOR 8a10.

Philips moves its TVs and Blu-ray players online

- Philips delivers:
 - NetTV to its entire range of TVs
 - NetTV to over half of its Blu-ray players
- Positive shipment forecasts for 2011



PHILIPS **O** **OPERA™**
software

The HTML5 revolution will be televised

Opera Devices SDK 2.8 is designed for television and other consumer electronics manufacturers.

Support for HTML5 video

Four times faster

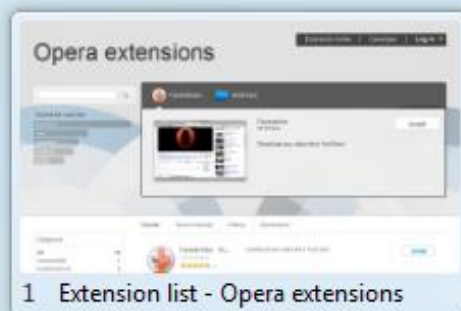
Integration with Opera's new Content Development Kit

Improved support for HbbTV

Hardware-accelerated video codecs, offering a substantial improvement in time-to-market

Launching Opera 11

Search with Bing



What is Speed Dial?

Synchronize Opera...

Configure Speed Dial

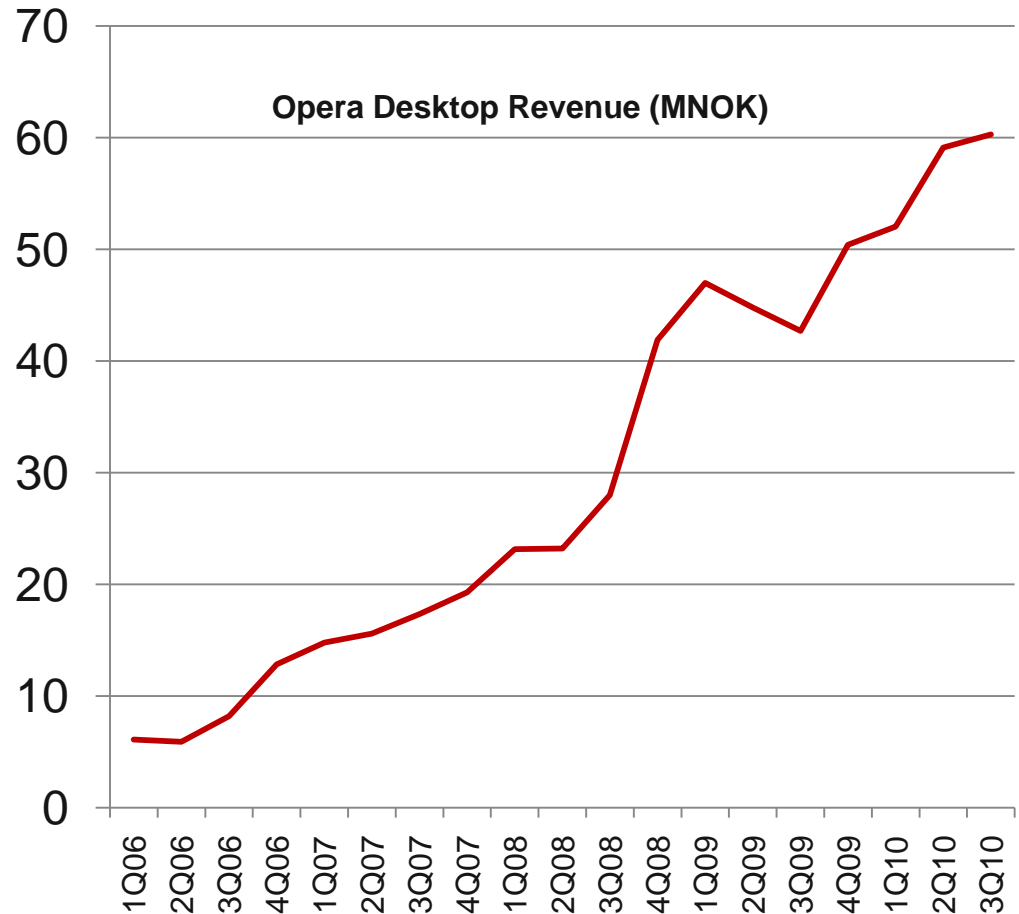
A sneak peak ...

- Extensions
- Speed
- More to come in upcoming beta version ...
- Alpha version downloaded 370.000 times during the first two weeks
- 73 3rd-party extensions reviewed and published during the first two weeks
- Receiving 10-20 new ones for review every day



Opera builds further momentum on desktop

- **Continued revenue growth**
 - 60 MNOK: increase of 42% compared to 3Q09
- **Continued user growth**
 - 48 million Opera Desktop users: increase of 15% compared to 3Q09



Opera's road to growth

Key strategic objectives



1. Build volume with existing tier-one operator customers.
2. Sign up additional operators and mobile manufacturers.
3. Monetize the 75 million+ mobile users.
4. Strengthen leadership position in the growing connected TV/devices market.
5. Continue to grow our desktop user base.

Q&A