

Opera is a world-leading internet company  
with more than 350 million users worldwide



We're shaping an open, connected world

[www.opera.com](http://www.opera.com)



# Quarterly Report 1Q 2014

# Q1: Strong start of the year

Highlights from our business units:

Consumer products

Strong smartphone growth  
Opera Max beta launched in USA, Europe and Russia  
Opera Coast launched for iPhone and iPad

Operators

Opera Web Pass launched and new deals signed  
Rocket Optimizer new deals signed and ongoing trials

Opera Mediaworks

Strong revenue growth

# 1Q 2014 Financial Highlights

Financial metric	1Q14 (MUSD)	1Q13 (MUSD)
Revenue	87.0	62.0
Profitability	22.7	18.4

- Revenue growth of 40%
- Strong revenue and profit
- Strong revenue growth from Mobile Operators, Mobile Consumers and Mobile Publishers & Advertisers

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



# Financial review

## Erik Harrell, CFO /CSO 1Q 2014

## A note from our lawyers

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# Financial Highlights 1Q14

	Financial metric	1Q14 (MUSD)	1Q13 (MUSD)
Revenue	Total revenue	87.0	62.0
Profitability	Adj. EBITDA*	22.7	18.4
Cash generation	Operating Cash Flow	15.4	3.4
	Free Cash Flow**	13.8	0.9

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

\*\* Operating Cash Flow less capital expenditures

# 1Q14 Actuals versus Guidance

	1Q 2014 Actuals	1Q 2014 Midpoint Guidance*
Revenue	MUSD 87.0	MUSD 86.5
Adj EBITDA**	MUSD 22.7	MUSD 22.0

\*Provided at 4Q13 Presentation (February 11th, 2014)

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

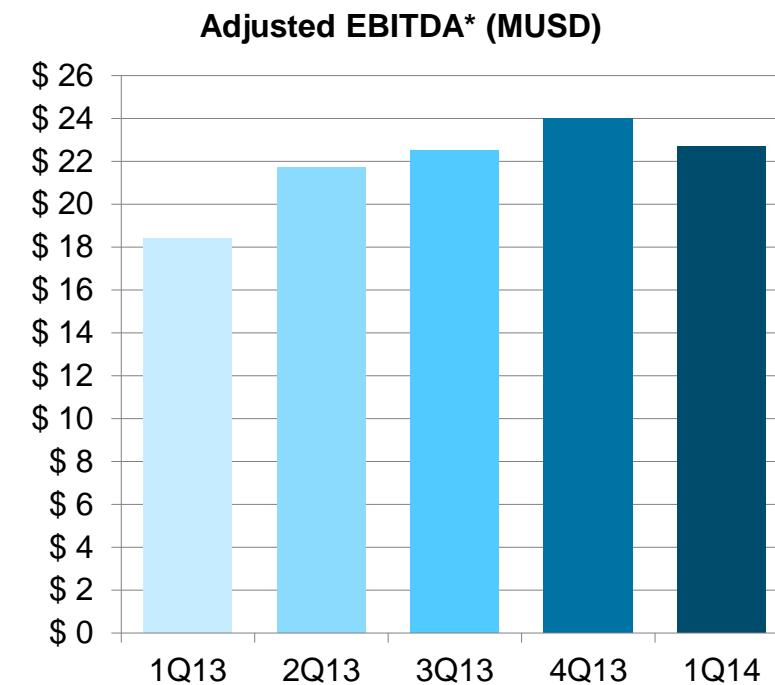
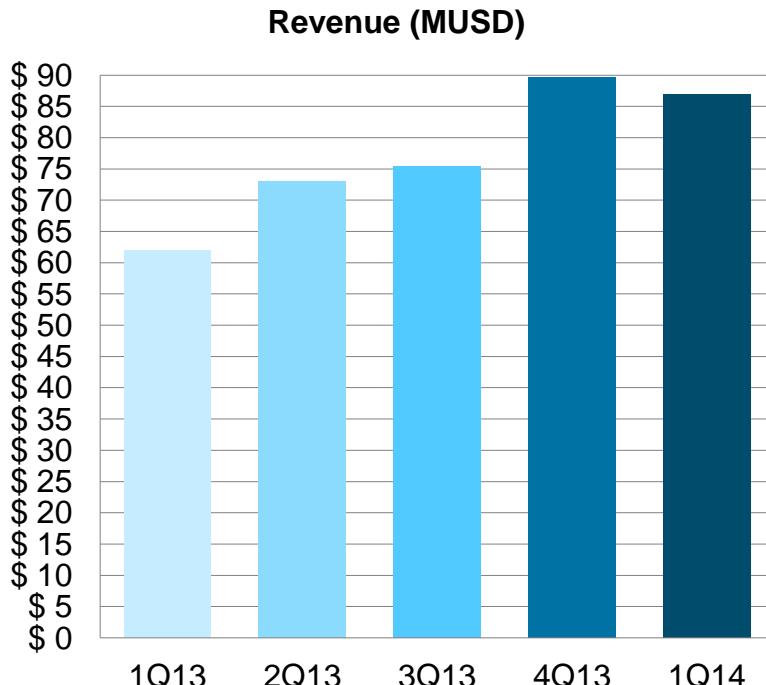
# 1Q14 Financial Review

MUSD	1Q14	1Q13	Q on Q
<b>Revenue</b>	<b>87.0</b>	62.0	<b>40%</b>
Cost of Goods sold-	<b>16.1</b>	8.9	<b>81%</b>
Payroll and related expenses -	<b>31.7</b>	23.9	<b>33%</b>
Stock-based compensation expenses-	<b>1.1</b>	0.9	<b>19%</b>
Depreciation and amortization -	<b>6.7</b>	3.2	<b>110%</b>
Other operating expenses -	<b>16.6</b>	10.9	<b>52%</b>
Total expenses =	<b>72.2</b>	47.7	<b>51%</b>
<b>Adjusted EBITDA*</b>	<b>22.7</b>	18.4	<b>23%</b>
EBIT**	<b>14.9</b>	14.3	<b>4%</b>
Net Income	<b>2.5</b>	3.6	
EPS (USD)	<b>0.019</b>	0.030	
Non- IFRS Net Income	<b>14.3</b>	14.6	
Non- IFRS EPS (USD)	<b>0.108</b>	0.122	

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

\*\* Excludes one-time extraordinary costs

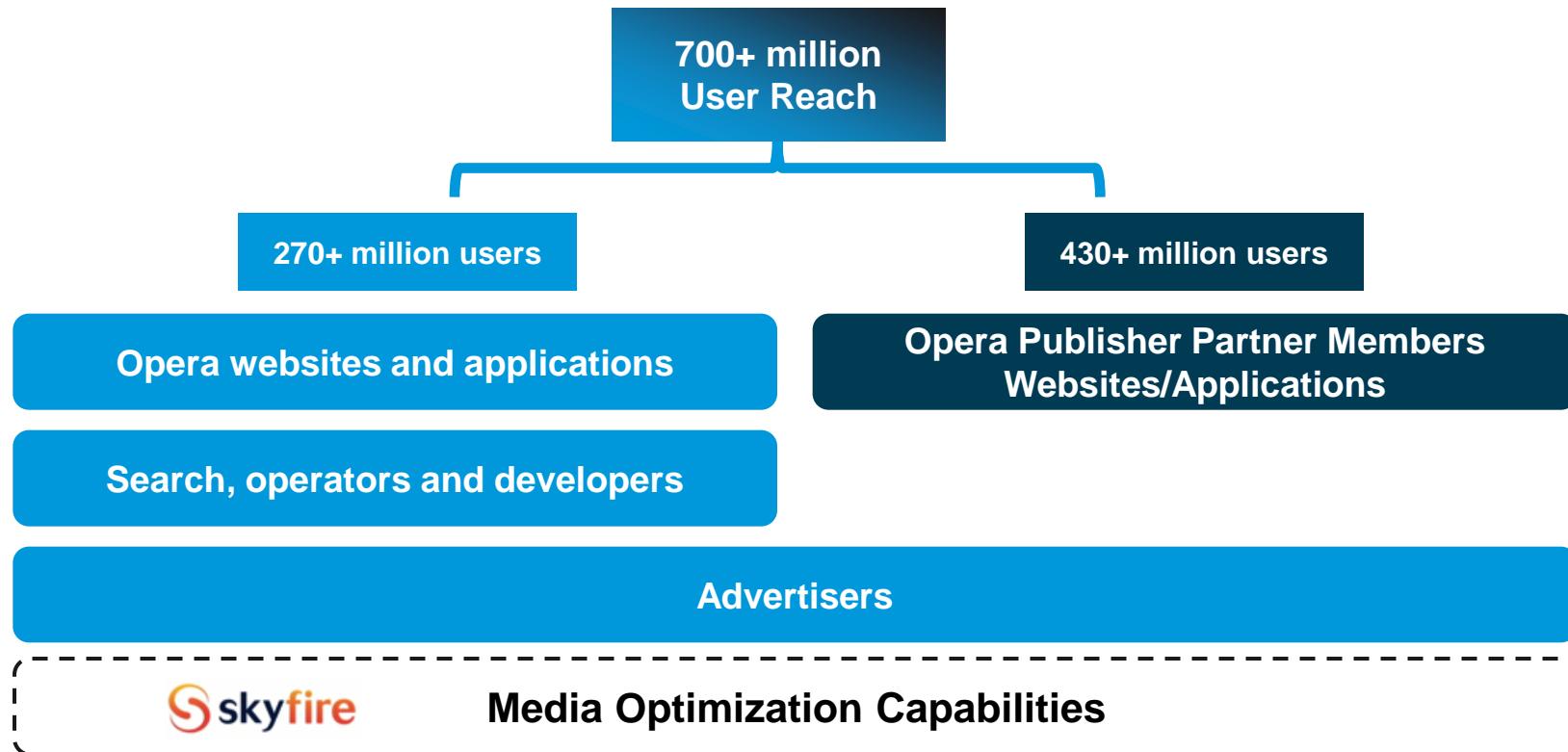
# Financial Highlights: 1Q13 – 1Q14



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

# Opera helps partners reach its massive mobile audience

**Opera Powers the Mobile Internet and App Economy**



# Revenue Growth Drivers

## Operators

Users and Usage and explosion of video traffic

## Mobile Consumers

Users and Usage and smartphone growth

## Mobile Publishers & Advertisers

Mobile Advertising Spend from Premium Brands and Performance Advertisers

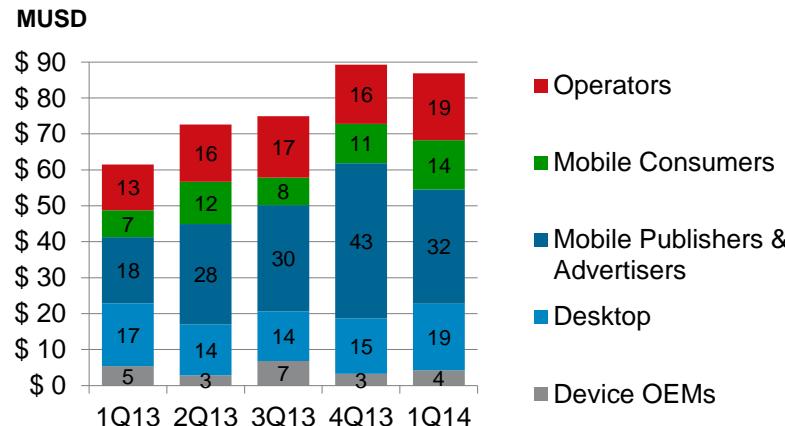
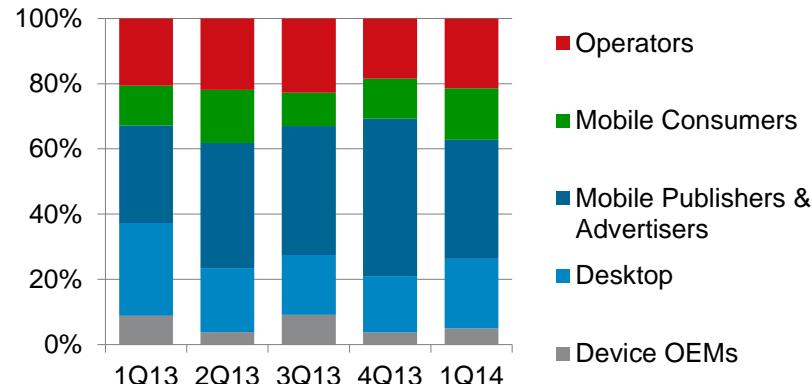
## Desktop

Users and Usage

# Revenue: Customer Type 1Q14

Overall revenue in line with expectations

Customer Type	
Operators	In line with expectations
Mobile Consumers – Opera Owned and Operated Properties	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: Operators 1Q14

## Operator revenue in line with expectations

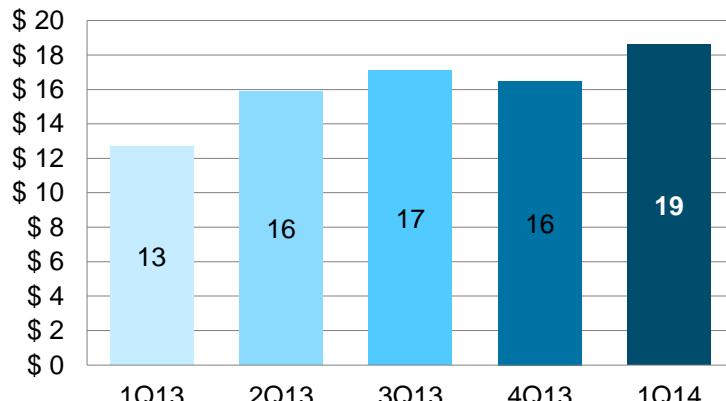
Cloud based Operator Data/License revenue up 48% to MUSD 17.5, driven primarily by Opera Mini Operator license revenue from user growth and revenue from Rocket Optimizer and Horizon products

Overall revenue growth: Up 47% versus 1Q13, driven by Cloud based Operator Data/License revenue

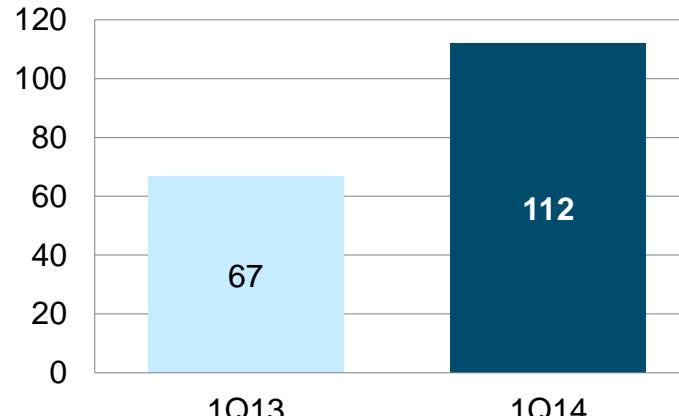
68% Operator active user growth March 2014 vs. March 2013

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

**MUSD Operator Revenue total\***



**Operator Cloud Users (Million)\*\***



\* Unaudited

\*\* Operator Opera Mini users and Operator Horizon users

# Revenue: Mobile Consumers – Opera Owned and Operated Properties 1Q14

## Mobile Consumer revenue in line with expectations

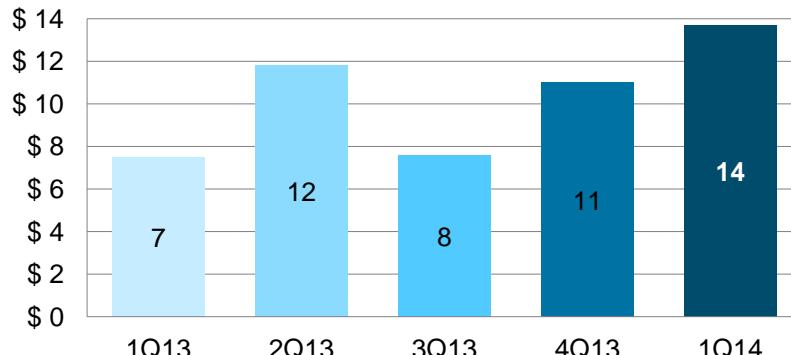
Revenue growth driven primarily by mobile advertising and license revenue, including the licensing of the Rocket Optimizer video/media optimization technology to a major Internet company

274M users by end of 1Q14, up 25M compared to end of 1Q13

29.5b ad requests from owned & operated properties in 1Q14, up 74% versus 1Q13. Application downloads from OMS of 140 million in 1Q14, up 61% compared to 1Q13. Opera users of the Smartpage and Discover page increased to 58.6 million users by the end of 1Q14, up from 33.5 Million in 1Q13.

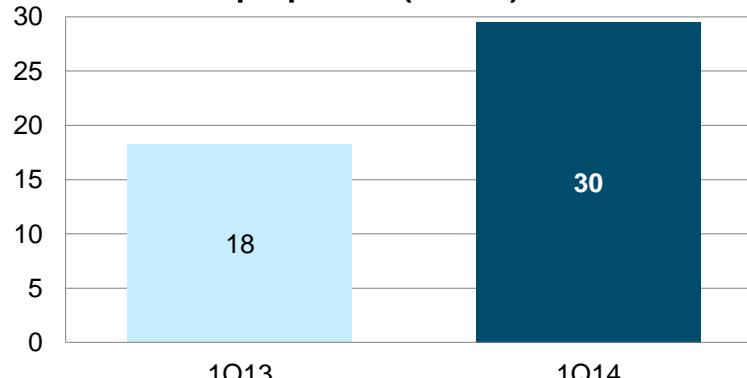
Revenue growth: 84% versus 1Q13

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



\* Unaudited

**Ad requests from owned & operated properties (Billion)**



# Revenue: Mobile Publishers & Advertisers – Opera Publisher Partner Members 1Q14

## Mobile Publisher & Advertiser revenue in line with expectations

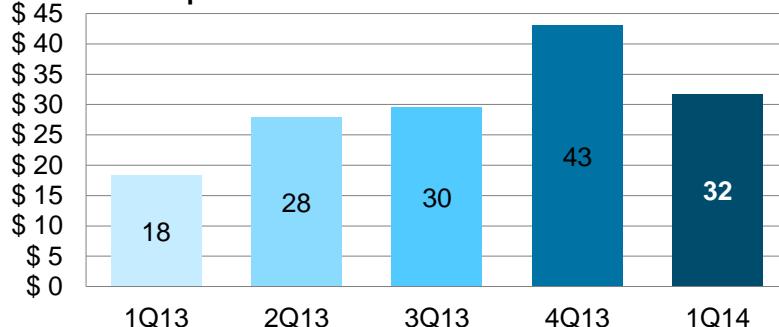
Revenue growth driven by both premium advertisers, including Audi, Coca Cola, eBay, Dominos-Pizza, Kellogg's, McDonalds, Old Navy, Samsung, Snickers, Sony and Wells Fargo, as well as performance advertisers such as King.com and NetSpend.

AdMarvel platform managed 187B ad impressions in 1Q14, up 23.5% vs. 1Q13

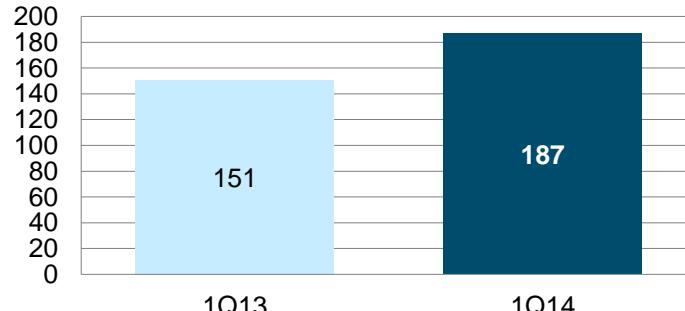
14,000+ websites and applications enabled in 1Q14, up from 12,000+ in 1Q13 and total reach of 500m+ (including O&O) in 1Q14 up from 300m+ in 1Q13

Revenue growth: 72% versus 1Q13

**MUSD Mobile Publishers & Advertisers  
Opera Publisher Partner Members\***



**AdMarvel managed ad impressions (Billion)\*\***



\*Unaudited

\*\* Includes Opera's O&O ad impressions

# Revenue: Desktop Consumers 1Q14

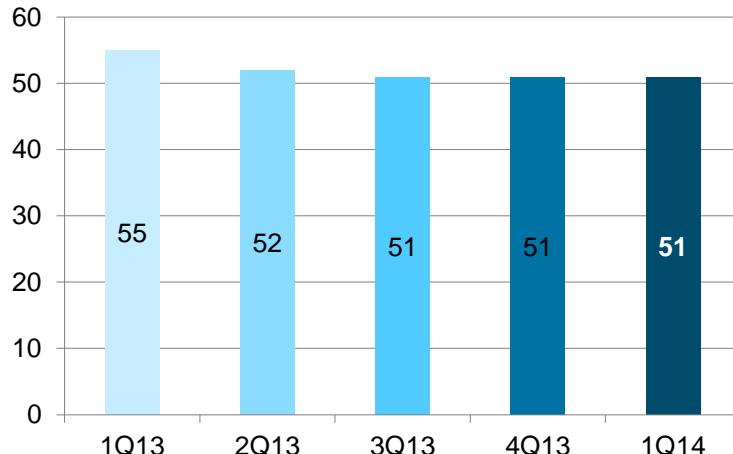
## Desktop revenue in line with expectations

Solid ARPU with lower search revenue offset by higher licensing revenue, including the licensing of the Rocket Optimizer video/media optimization technology to a major Internet company

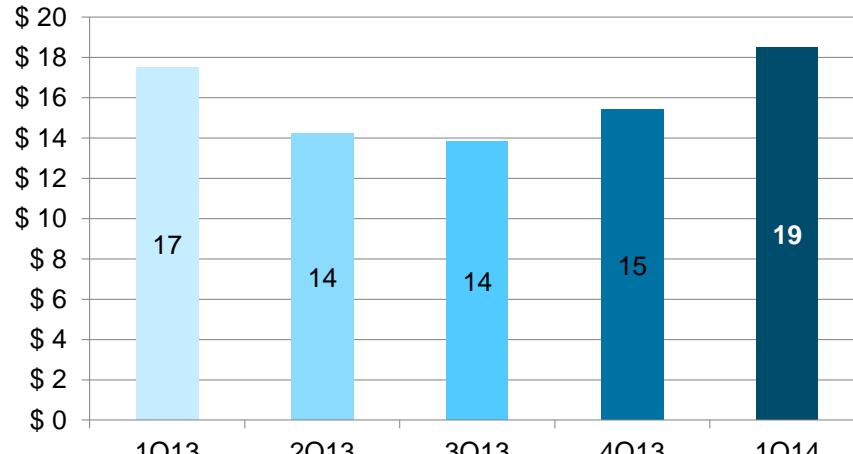
Desktop users at 51 million, down 7% versus 1Q13

Overall revenue growth: 6% versus 1Q13

Monthly Desktop users\* (last month of quarter)



Desktop revenue\* (MUSD)



\* Unaudited.

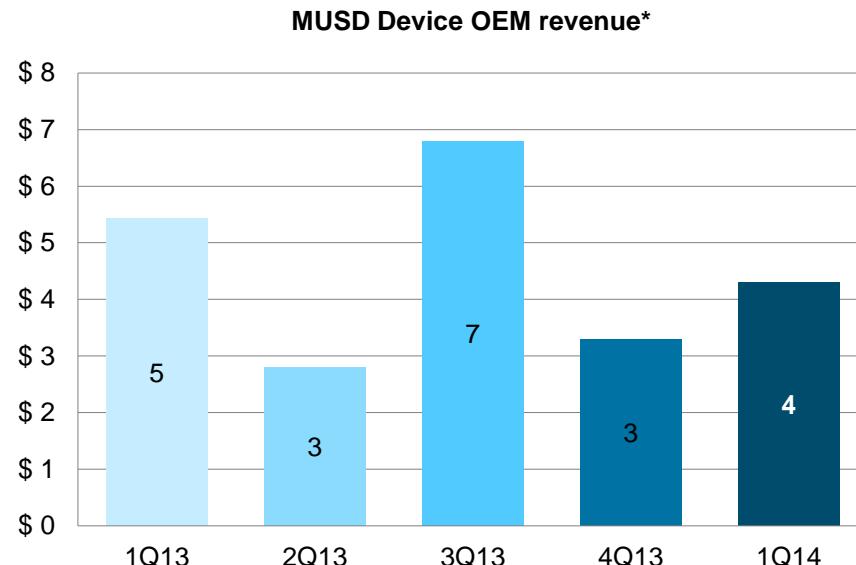
# Revenue: Device OEMs 1Q14

## Device OEM revenue in line with expectations

Revenue driven by Connected TV customers

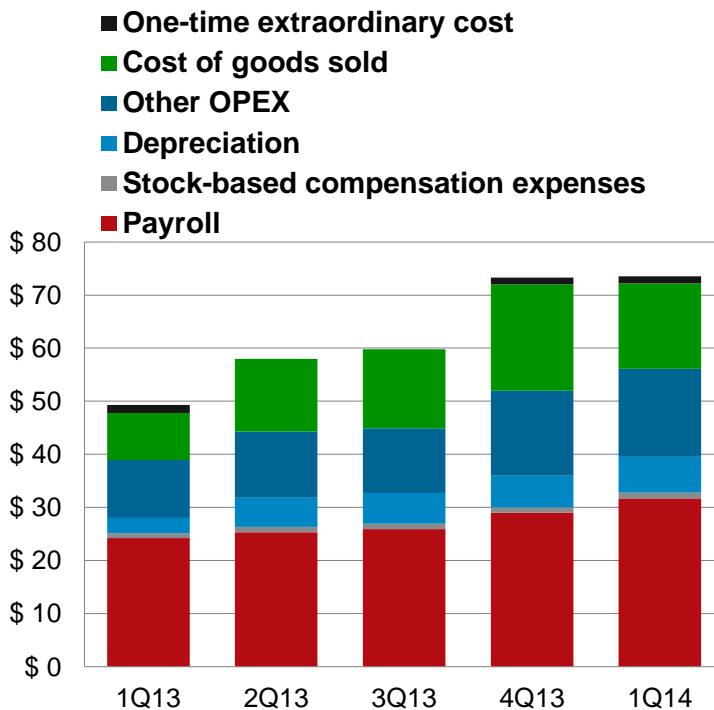
License revenue: ~65% of revenue

Overall revenue growth: Down 20% versus 1Q13



\* Unaudited

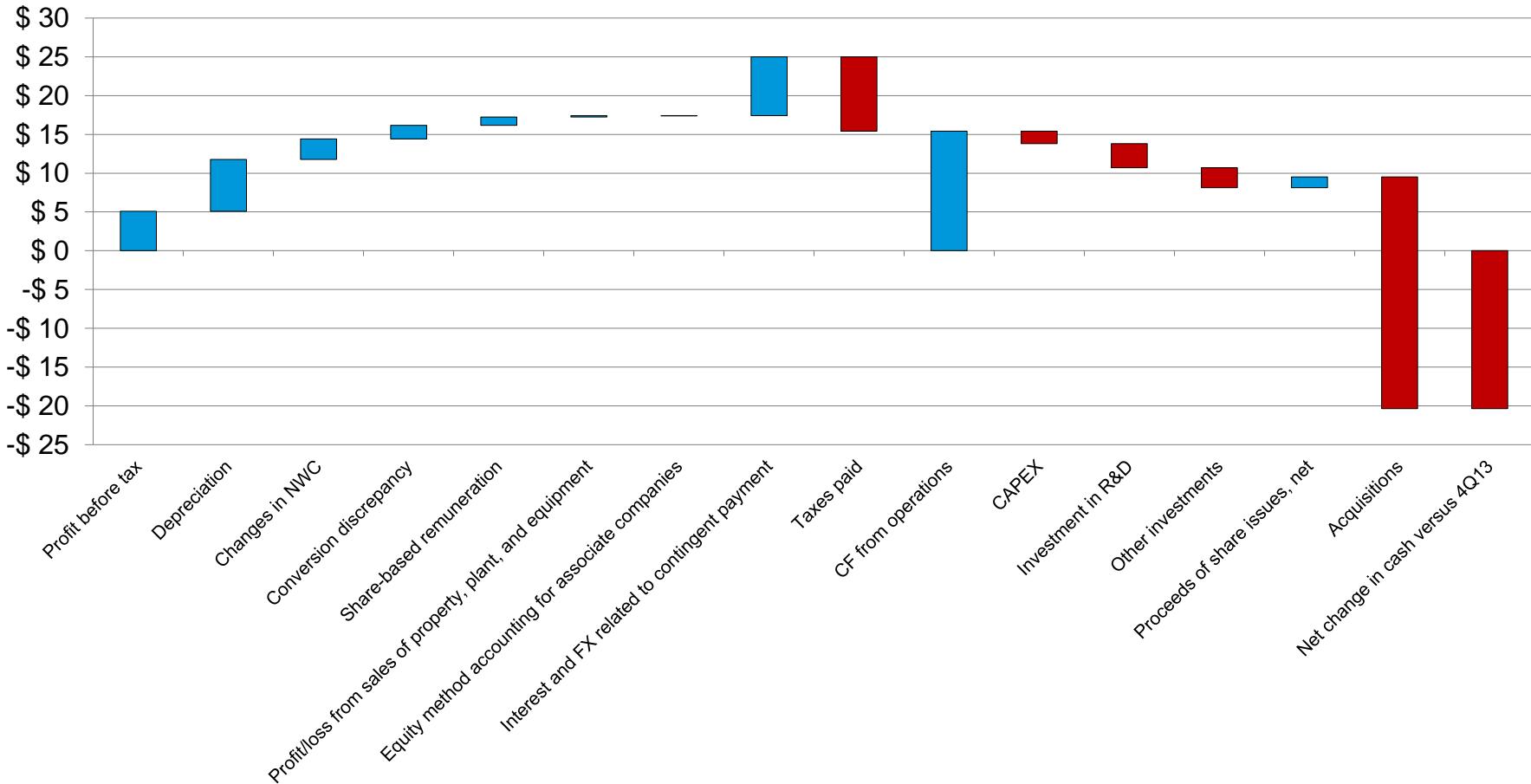
# OPEX Development



Cost line	1Q14 vs. 1Q13	Comments
Payroll	33%	Higher headcount
Cost of Goods Sold	81%	Driven by 72% growth in Mobile Publisher and Advertiser revenue
		COGS or Publisher Cost related to Mobile Publisher & Advertiser business
Other OPEX	52%	Hosting costs, marketing and travel expenses key drivers
Depreciation & Amortization	110%	Higher investments in Opera Mini server infrastructure and depreciation on intangible assets related to acquisitions
Stock-based compensation expenses	19%	Higher strike price for granted options
One-time extraordinary cost	NA	Opera recorded restructuring charges of MUSD 1.3 related to a strategic cost reduction that will better align costs with revenues and legal fees related to business combinations.
Total Expenses*	51%	

\*Excludes one-time extraordinary cost

# Cash Flow 1Q14 (MUSD)



## 2Q14 Guidance

Metric	2Q14 Guidance
Revenue*	MUSD 95.5-98.5
Adj EBITDA***	MUSD 24.5-26.5

\* Assumes currency remainder of 2Q14 (NOK 6.0 /USD, USD 1.35 /EUR)

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

# 2Q14 Guidance Overview

		Vs. 1Q14*	Comments
Revenue	Operators	Flat	Solid cloud based license/data revenue
	Mobile Consumers	Down	Solid user growth and solid ARPU offset by lower license revenues
	Mobile Publishers & Advertisers	Up	Strong growth in a seasonally strong quarter
	Desktop	Down	Stable user trend and solid ARPU offset by lower license revenues
	Device OEMs	Flat	Driven by Connected TV customers
	Payroll	Up	Growing headcount in MP&A business
	Cost of goods sold	Up	Reflecting Mobile Publisher & Advertiser revenue trend
	Stock-based compensation	Up	General trend
	Depreciation	Up	Continued investments in cloud based server hosting infrastructure
	Other Opex	Flat	General trend

Assumes currency remainder of 2Q14 (NOK 6.0USD, USD 1.35/EUR)

# 2014 Guidance

Metric	2014 Guidance (prior***)	2014 Guidance (new)
Revenue*	MUSD 390-410	MUSD 390-410
Adj EBITDA**	MUSD 108-116	MUSD 108-116

\* Assumes currency remainder of 2014 (NOK 6.0 /USD, USD 1.35 /EUR)

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

\*\*\* Prior guidance refers to 4Q13 presentation



# Operational update

Lars Boilesen, CEO 1Q 2014

# Q1: Strong start of the year

Highlights from our business units:

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Opera Mediaworks

Strong revenue growth



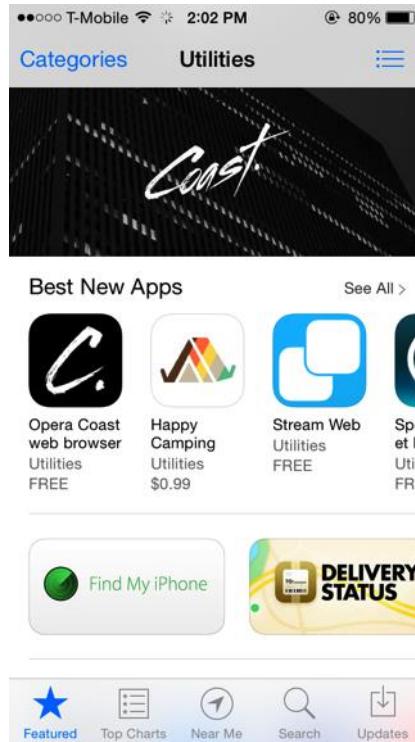
# Consumer products

1Q 2014



**Strengthening our iOS presence**  
**Opera Coast launched for iPhone and iPad**

# Great reception on the Opera Coast for iPhone launch



••••• T-Mobile 2:02 PM 80%

Categories Utilities

Coast.

Opera Coast — the Browser That Makes Sites Feel like Apps — Lands on the iPhone

April 27, 2014 Clippers Don't Boycott Don

TECH TECHNOLOGIZER

## Opera Coast — the Browser That Makes Sites Feel like Apps — Lands on the iPhone

Harry McCracken @harrymccracken | April 24, 2014

No disrespect meant to Chrome, Firefox, Internet Explorer and Safari, but in the grand scheme of things, there's not a dime's worth of difference between them. They aim to do much the same thing in much the same way with much the same features.

And then there's **Opera Coast**. This fresh take on web browsing from the venerable Norwegian web browser company, which [debuted on the iPad last September](#), doesn't have a conventional address bar, forward and backward buttons or other features that have defined browsers for more than 20 years now. Instead, it treats sites like apps, showing them as icons you can arrange on a desktop, running them in full-screen mode and automatically returning to where you left off each time you visit. It feels a little like a tiny operating system

Verizon 4:25 AM

Search the web

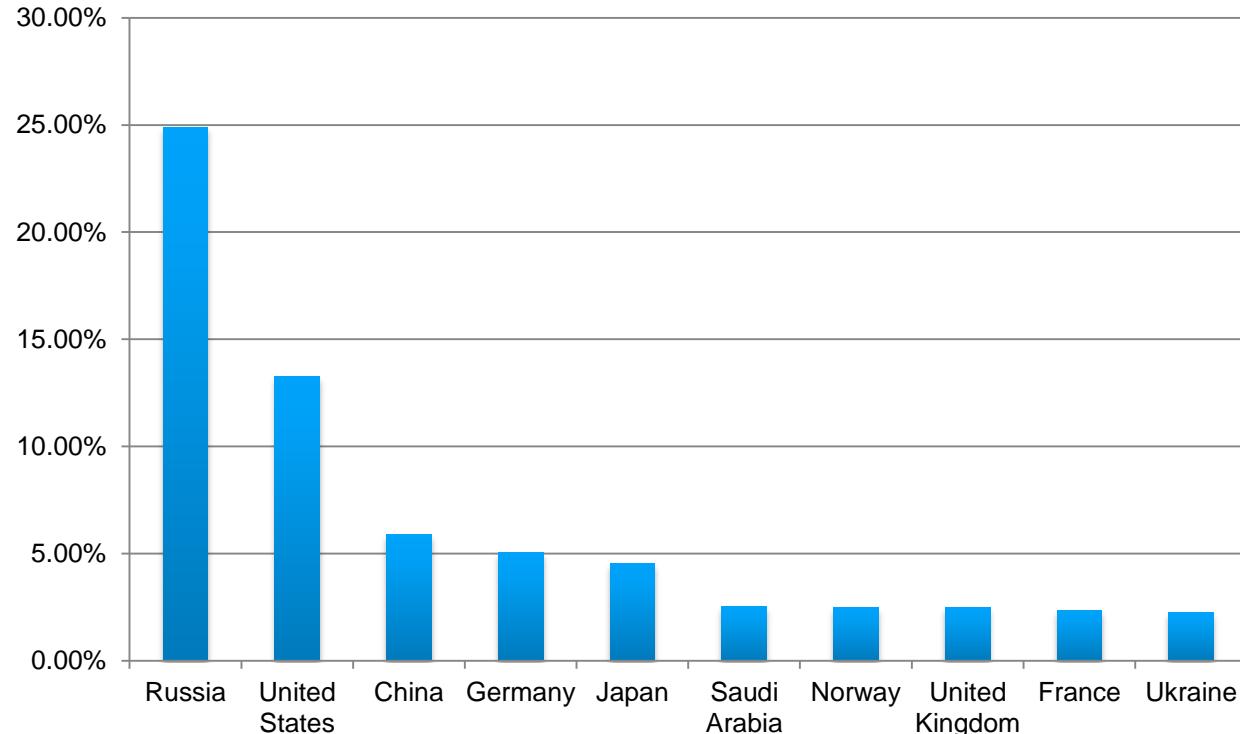
H USA TODAY C

W Buzzfeed Slate

T ebay f

# Top-10 Opera Coast countries

## Big in Russia and the U.S.



# Opera Max beta launched

Powerful data-savings app that compresses almost all data on your Android smartphone

Available for users in the US, Europe, Russia, Ukraine and Belarus

New devices and more countries coming soon!



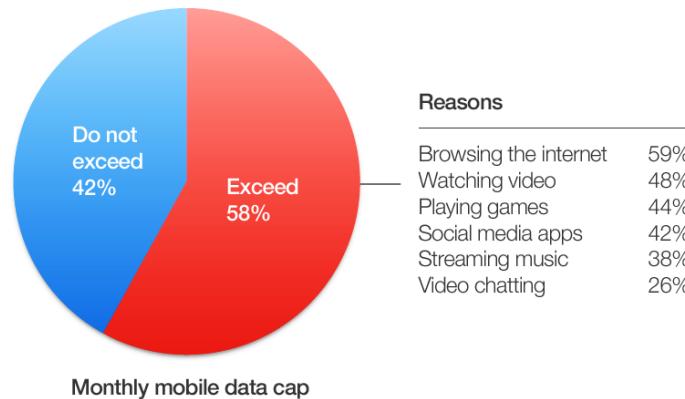
# Smartphone users are exceeding their data plans

Mobile video stalling and exceeding data plans are continuing to frustrate consumers

We have solutions to help both consumers and operators: Opera Max and Rocket Optimizer

Opera Max are designed to help give users a buffer-free video experience and up to 50% more out of their limited data plans

Reasons that US Smartphone / Tablet owners exceed their monthly mobile data cap, January 2014  
% of total and % of respondents



Note: Ages 18+ who have a monthly data cap

Source: Citrix survey conducted by Wakefield Research, April 16, 2014

# Opera for computers updated

Reintroduction of the bookmarks bar

Adding customization options such as themes, advanced settings and Speed Dial configuration

Developing network installer and infrastructure for distribution

Revenue up 6% YoY

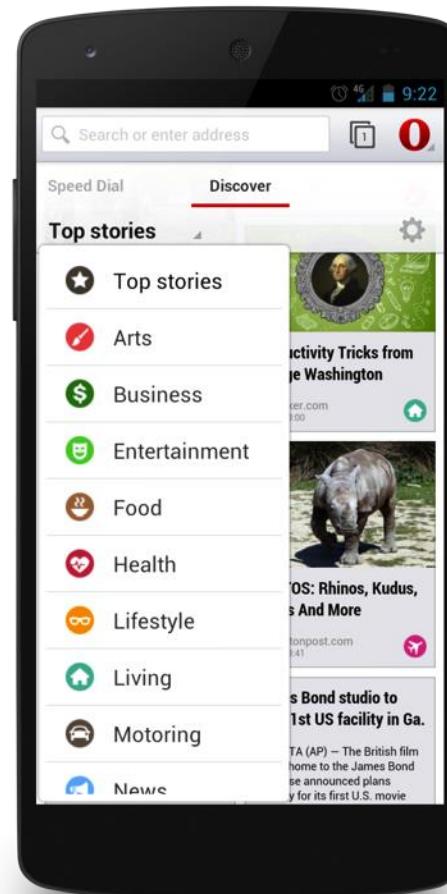


# Opera for Android updated

Custom layout selection, where the user can choose between phone, tablet or class look

Redesigned Discover, optimized for swiping between the different articles

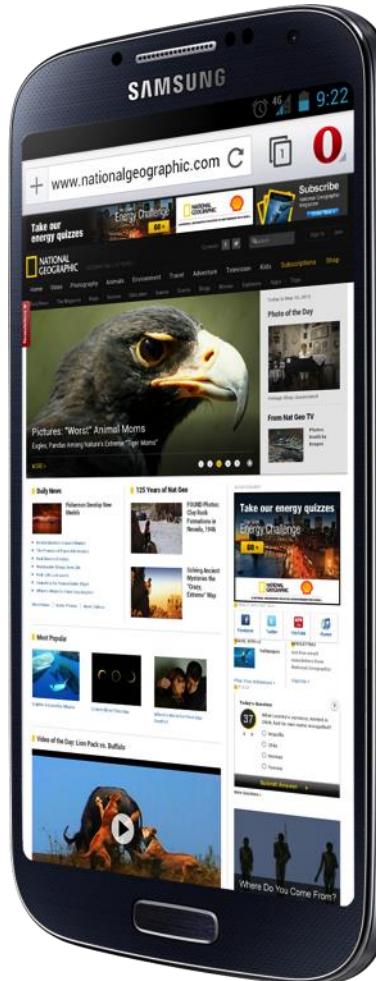
Improved and optimized search functionality



# Opera Mini for Android, Java and BlackBerry updated

The most well-known Opera product gets a long-awaited update with a completely new UI and new features

Important for us to support Java & BlackBerry phones as well as users are transitioning to smartphones



## Consumer products in the pipeline

New Opera Mini version coming for iPhone

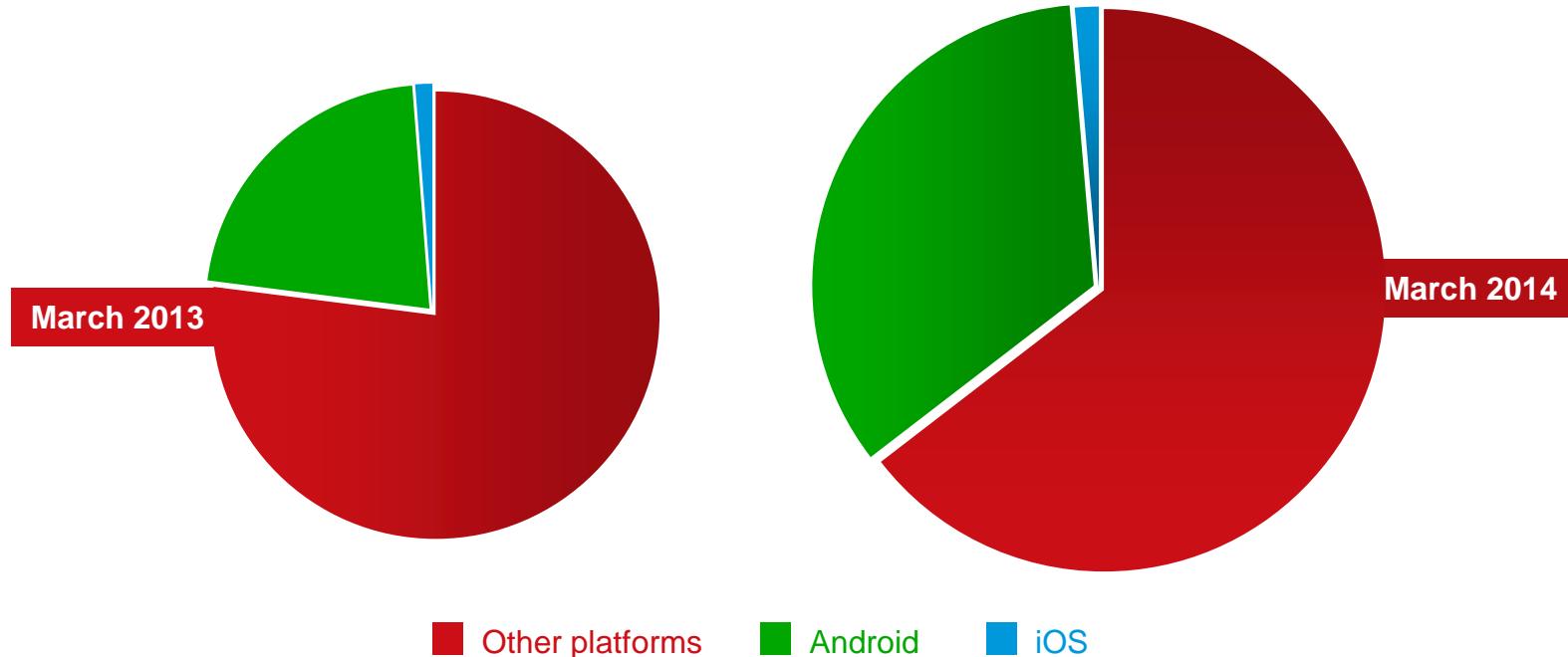
New Opera Mini version coming for iPad

Video compression technology deployed on all consumer products



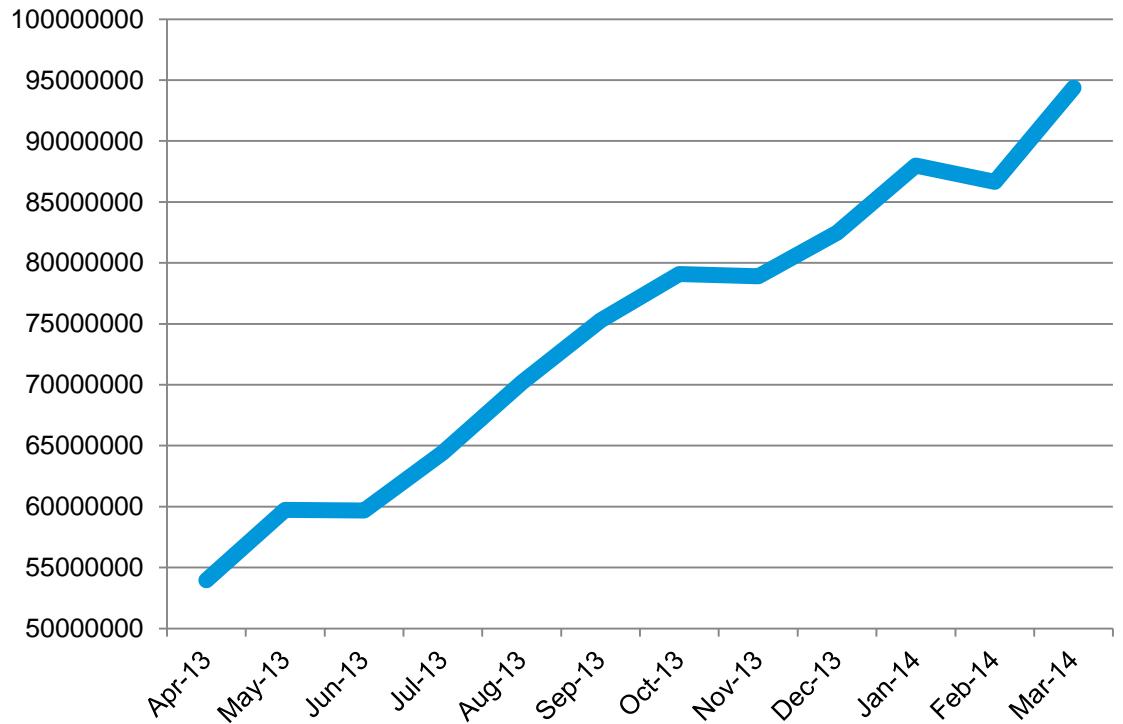
**275+ million monthly active users**

**More and more of our users are migrating to smartphones**



# 95+ million monthly active users

## Opera on Android



# Opera pre-installed on Nokia X smartphones

Nokia announced the debut of its Nokia X operating system during Mobile World Congress

Opera will be pre-installed on Nokia X, Nokia X+ and Nokia XL devices

Nokia is aiming big with this new venture in the smartphone market – and we're excited to be part of that!





# TV & Devices

1Q 2014

# Market overview

There were 307 million TV's connected to the internet in 2013

By 2018, it's estimated that 759 million TV's will be connected to the internet

We're establishing ourselves as the leading distribution medium to deliver premium video content, including Opera Mediaworks' technology to monetize content owners





Opera TV Store

It's #10 for  
**Opera TV Store**

SONY

Hisense

MEDIATEK

Skyworth

SAMSUNG

amino

swisscom

KONKA



CHANGHONG

TCL

HUMAX

# Continuing to expand our customer base

New deals signed this quarter



BANG & OLUFSEN

**Skyworth**  
创维

**RCA**

TV's

The logo for Sigma Designs, featuring a blue play button icon above the word 'SIGMA' in a bold, sans-serif font, with 'DESIGNS' in smaller letters below it.

Silicon vendors

The logos for Tivo and RCN. Tivo is a black television-like character with a smiling face and antennae. RCN is in a purple, stylized font with a green swoosh.

Operators



# Operators

1Q 2014

# Our operator offering one year ago



Co-branded Opera Mini

## Rocket Optimizer

### Opera Web Pass



### Horizon



Co-branded Opera Mini

Opera Max

# Rocket Optimizer

Cloud based video optimization engine, available today, built for the future  
Improved video quality of experience over any network

Congestion based, on-demand video optimization in  
high-speed 3G and 4G networks – to avoid buffering  
and stalling

Video right-sizing in low-speed Edge and basic 3G  
networks – to make videos play

The desire to watch video is universal - when it works,  
people watch more!



# Good progress with Rocket Optimizer and Skyfire

Signed Tier 1 internet company

Multiple trials and RFP's ongoing among major operators

New customer signed up in South Asia: Wi-Tribe

Two customers already gone live in the market



# Opera Web Pass – new deals signed

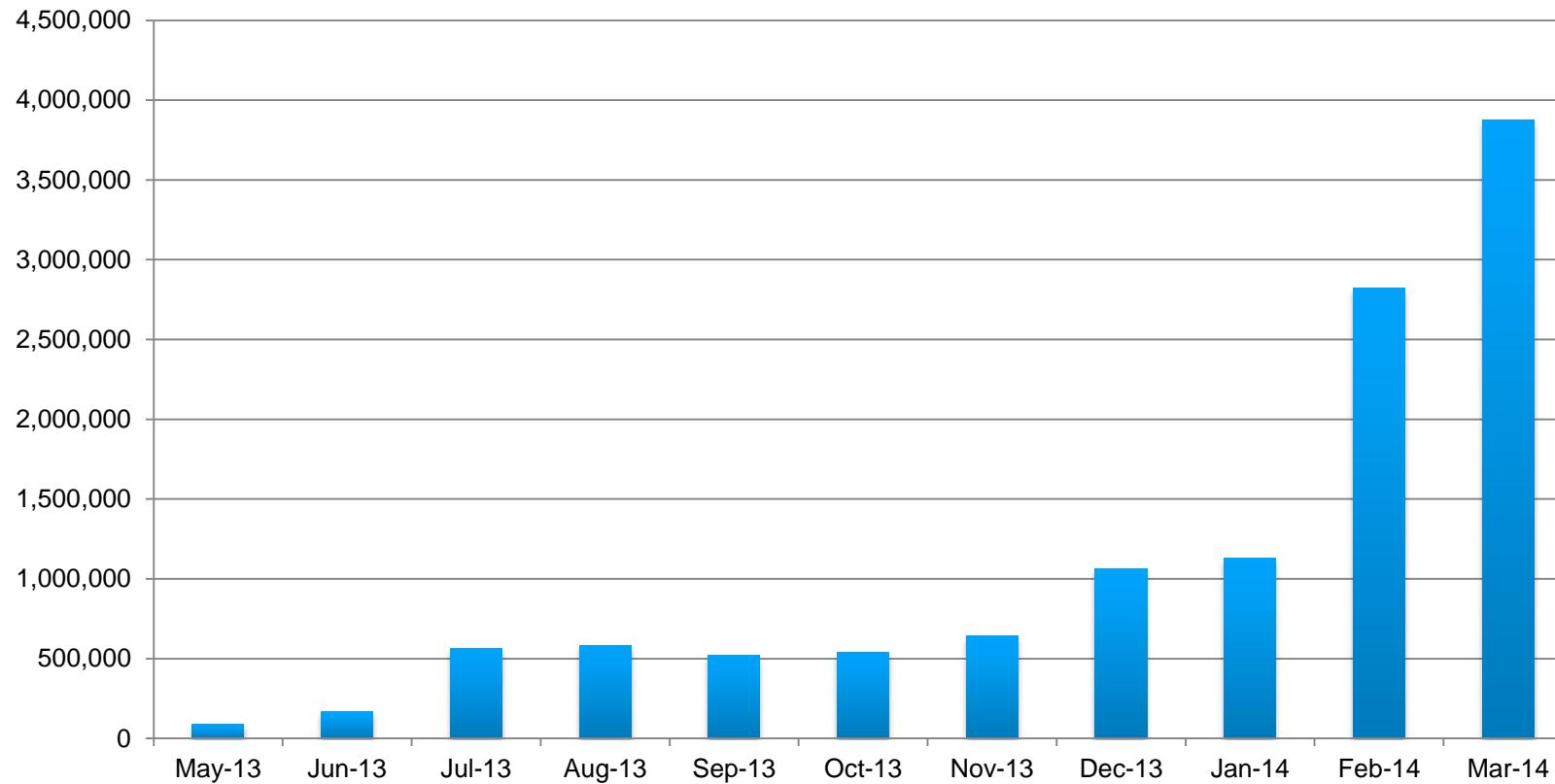
We're now building a strong pipeline with partners and customers in our key markets

Vodafone India, one of India's leading telecommunications service providers, is all set to bring web pass services to its customers in India

Telkomsel, Indonesia's biggest telecommunication provider, today announced the launch of Opera Web Pass for the first time in Indonesia



# More than 11 million Opera Web Passes sold since launch



# O OPERA MEDIAWORKS

Powering the Mobile Ad Economy™

# OPERA MEDIWORKS

AdMarvel

Opera Mobile Store  
Browser Ad Sales  
HANDSTER

4<sup>th</sup> screen

mobiletheory

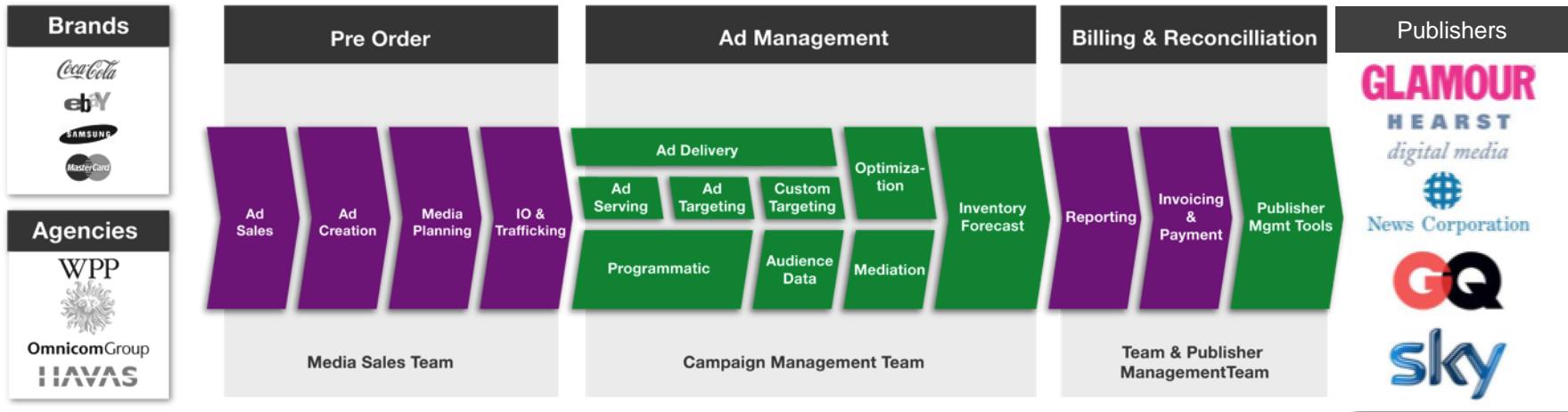
OPERA  
mediaworks  
performance

Hunt  
mobile  
advertising

moolah  
media



# We are servicing the entire advertising value chain

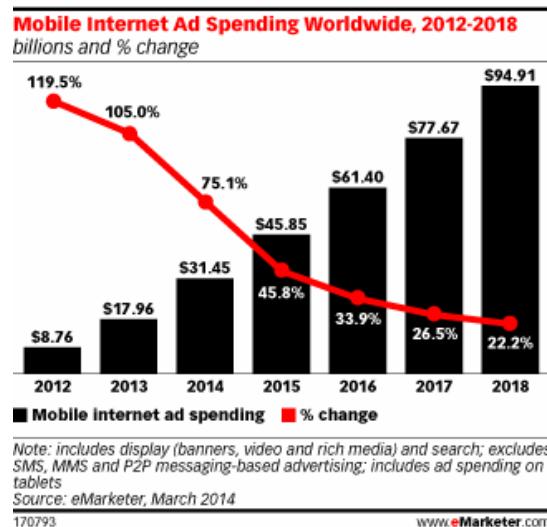


# Market trends – Global Mobile Advertising Spend

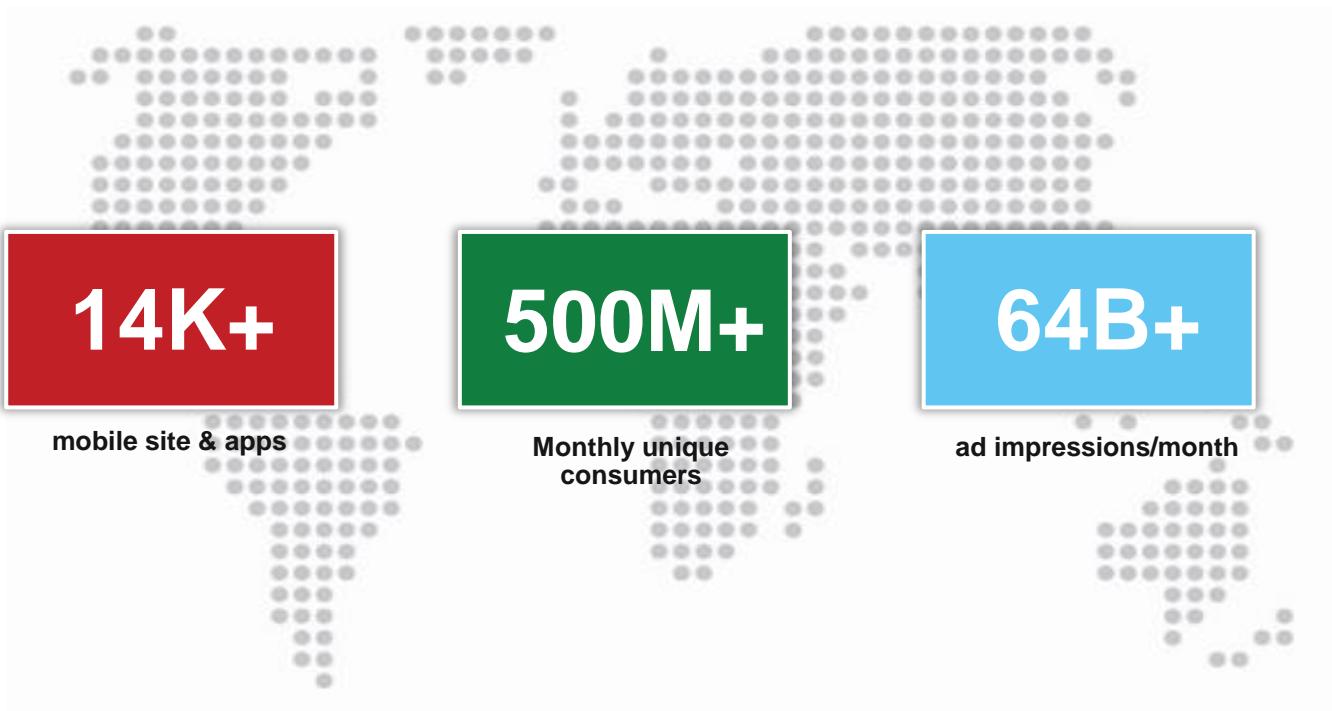
In 2014, mobile advertisement will account for nearly one-quarter of total digital ad spending worldwide

The US will continue to be the largest market followed by Europe and APAC

Strong growth expected in emerging markets, particularly in large markets like Russia, Mexico and Brazil, where smartphone adoption is reaching critical mass



# Our core metrics



# A selection of our Q1 Agencies and Advertisers



# 2014 Honda Civic Camera Unit

Targeting: National Hispanic Campaign promoting the new 2014 Honda Civic

Compelling features: The ad unit allows the users to take a picture of themselves, while then posting that picture on Facebook.

More Details: The unit always the user to rotate, zoom in and out and the ability to retake the photo if needed.



# Lego City, Panoramic

Targeting: National campaign promoting Lego City with the ability to download the App

Compelling features: The ad unit allows the users to swipe left and right version up or down. The unit is put together with several sections of artwork to present one long fluid view.

More Details: Users have the ability to engage with each section and either swiping left or right replaying the animation, watching the video or downloading the app.



# Opera Mediaworks LATAM, formerly Hunt Mobile Ads



New mobile publishers



And new advertisers



# Meet Apprupt



**Jascha Samadi**  
Founder & CEO of Apprupt

New acquisition, based in Hamburg, Germany

Will cover Europe and German-speaking countries such as Austria and Switzerland

Is now part of Opera Mediaworks, and our European sales organization, we're excited about what Apprupt will bring to Opera



# Opera @ WEBBY AWARDS

Both our core businesses nominated this year



## JetBlue Voice Ad Unit

Official Honoree for Interactive Advertising & Media / Mobile Advertising



