



Opera Software ASA

Quarterly report

Fourth quarter 2014

About Opera Software

Opera enables more than 350 million internet consumers worldwide to connect with the content and services that matter most to them and more than 130 mobile operators to deliver the very best possible internet experience to their subscriber base. Opera also helps publishers monetize their content through advertising and advertisers reach the audiences that build value for their businesses, capitalizing on a global consumer audience reach that exceeds 800 million.

www.opera.com

Financial Highlights 4Q14

	Financial metric	4Q14 (\$m)	4Q13 (\$m)
Revenue	Total revenue	154.4	89.6
Profitability	Adj. EBITDA*	34.4	24.0

- Record Revenue
- Record Adjusted EBITDA*
- Strong revenue growth from Mobile Consumers (Owned and Operated Properties), Mobile Publishers and Advertisers (Opera Publisher Partner Members) and Device OEMs

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

A note from our lawyers

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Financial Highlights 4Q14

	Financial metric	4Q14 (\$m)	4Q13 (\$m)
Revenue	Total revenue	154.4	89.6
Profitability	Adj. EBITDA*	34.4	24.0
Cash generation	Operating Cash Flow	20.3	14.9
	Free Cash Flow**	15.1	12.6

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

** Operating Cash Flow less capital expenditures

4Q14 Actuals versus Guidance

	4Q14 Actuals(\$m)	4Q14 Midpoint Guidance* (\$m)
Total revenue	154.4	164.0
Adj. EBITDA**	34.4	38.0

*Provided at 3Q14 Presentation (October 30th, 2014)

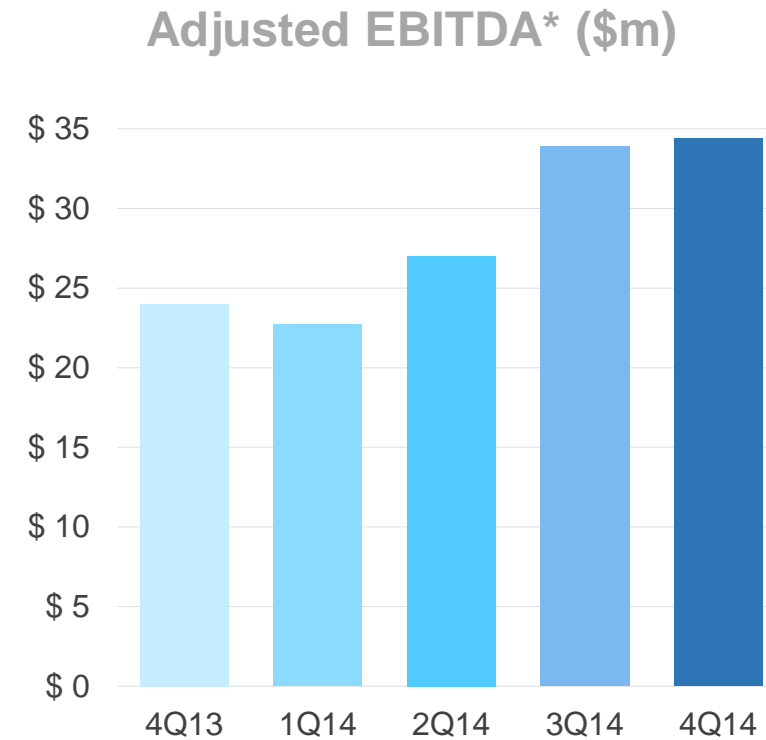
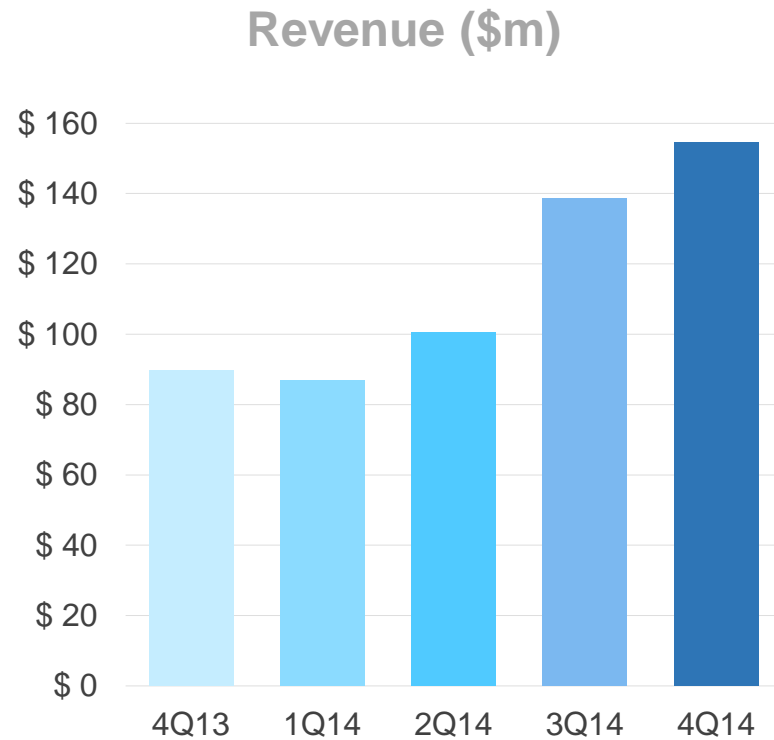
** Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

4Q14 Financial Review

\$m	4Q14	4Q13	Q on Q
Revenue	154.4	89.6	72%
Cost of Goods sold -	54.4	20.7	163%
Payroll and related expenses -	39.8	29.5	35%
Stock-based compensation expenses -	3.7	1.0	275%
Depreciation and amortization -	42.3	6.3	572%
Other operating expenses -	25.8	15.3	69%
Total expenses =	166.0	72.8	128%
Adjusted EBITDA*	34.4	24.0	43%
EBIT	-11.6	16.8	
Net Income	-58.3	49.3	
EPS (USD)	-0.407	0.385	
Non - IFRS Net Income	25.7	21.1	
Non – IFRS EPS (USD)	0.180	0.165	

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

Financial Highlights: 4Q13 – 4Q14

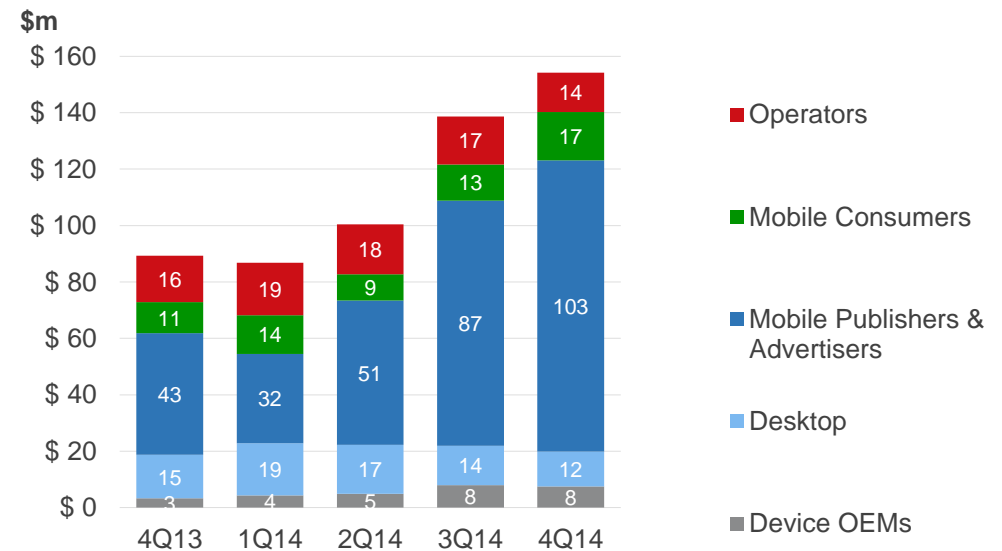
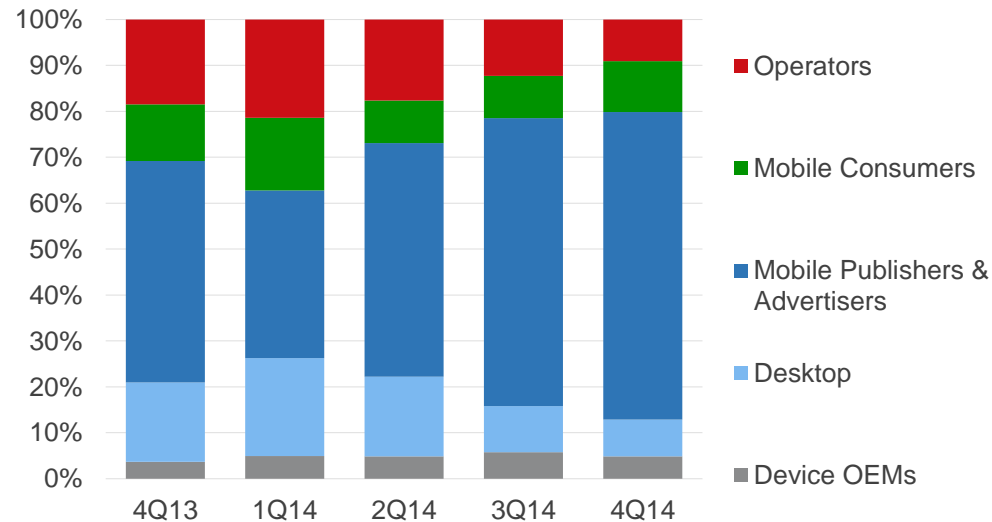


* Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs

Revenue: Customer Type 4Q14

Overall revenue below expectations

Customer Type	
Mobile Consumers – Opera Owned and Operated Properties	In line with expectations
Operators	In line with expectations
Mobile Publishers & Advertisers – Opera Publisher Partner Members	Below expectations
Desktop Consumers	Below expectations
Device OEMs	In line with expectations



Revenue: Mobile Consumers

Opera Owned and Operated Properties 4Q14

Mobile Consumer revenue in line with expectations

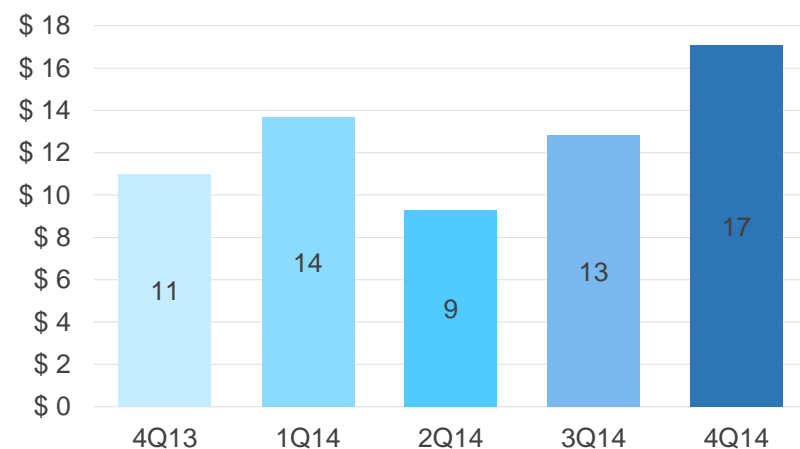
Revenue driven primarily by mobile advertising and licensing revenue

277 million users by end of 4Q14, up 3% compared to end of 4Q13

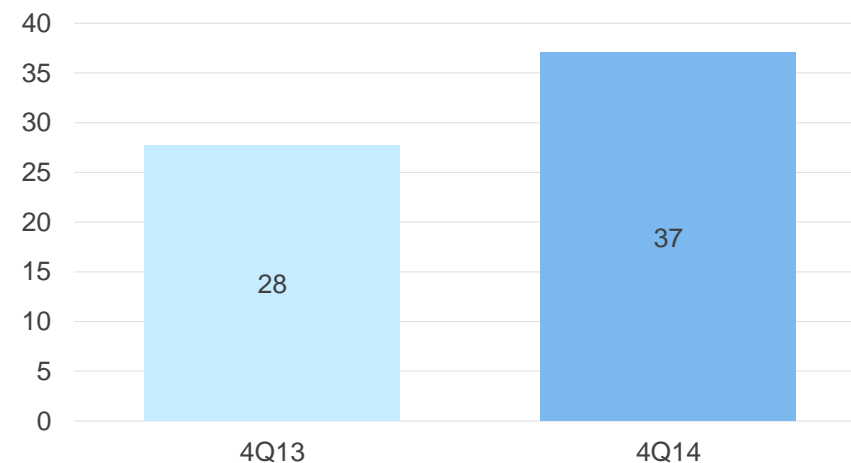
37.1 billion ad requests from owned & operated properties in 4Q14, up 34% versus 4Q13. Opera users of the Smartpage and Discover page increased to 74.4 million users by the end of 4Q14, up 41% versus 4Q13. Downloads from the Opera Mobile Store in 4Q14 reached 153.8 million, with 82.6 million from Android up 14% compared to 4Q13

Revenue growth: 55% versus 4Q13

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



Ad requests from owned & operated properties (Billion)



Revenue: Operators 4Q14

Operator revenue in line with expectations

Cloud based Operator Data/License down 16% versus 4Q13 at \$13m

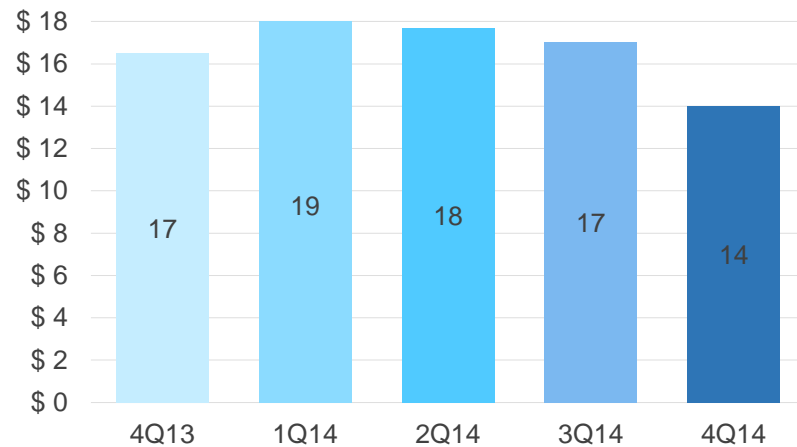
Key license revenue components: Opera Mini Operator co-brands and Rocket Optimizer

Overall revenue growth: Down 15 % versus 4Q13

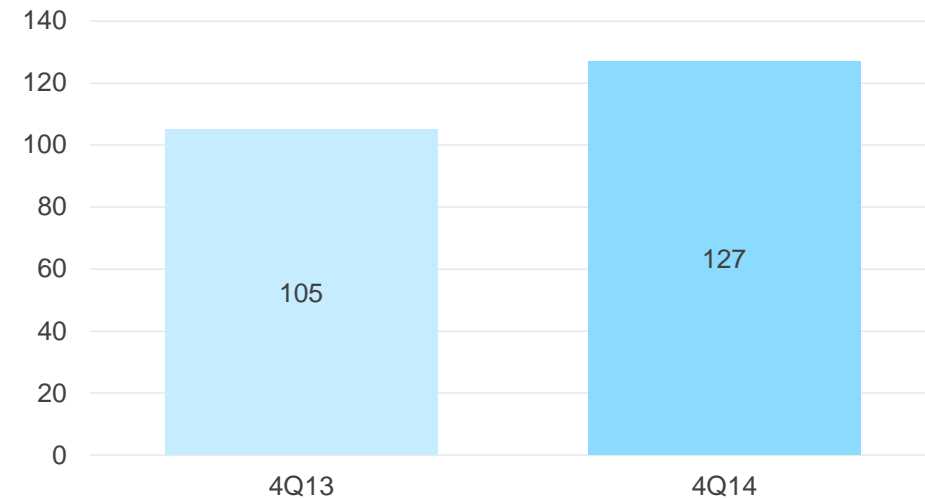
21% Operator active user growth December 2014 vs. December 2013

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

Operator Revenue Total* (\$m)



Operator Cloud Users (Million)**



*Unaudited

** Operator Opera Mini users

Revenue: Mobile Publishers & Advertisers

Opera Publisher Partner Members 4Q14

Mobile Publisher & Advertiser revenue below expectations

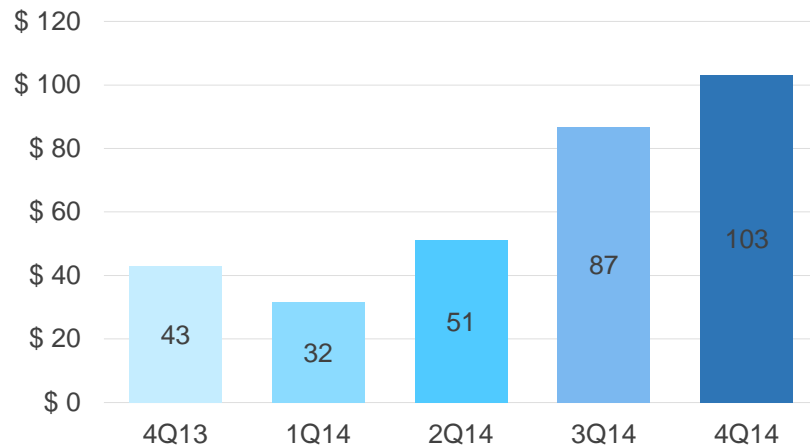
Revenues in the quarter came from a broad spectrum of brand advertisers, including 49 of the 50 AdAge Top 50 Global Advertisers. Large advertising campaigns include Samsung, Toyota, Honda, Ford, American Express, AstraZeneca, Capital One, Disney, Fox, Ikea, Johnson & Johnson, Kellogg's, Shell and Wells Fargo

AdMarvel platform managed 190.8b ad impressions (including O&O) in 4Q14, up 6% vs. 4Q13

18,500+ websites and applications enabled in 4Q14, up from 14,000+ in 4Q13 and total reach of 800m+ (excluding O&O) in 4Q14 up from 425m+ in 4Q13

Revenue growth: 139% versus 4Q13***

\$m Mobile Publisher & Advertisers
Opera Publisher Partner Members*

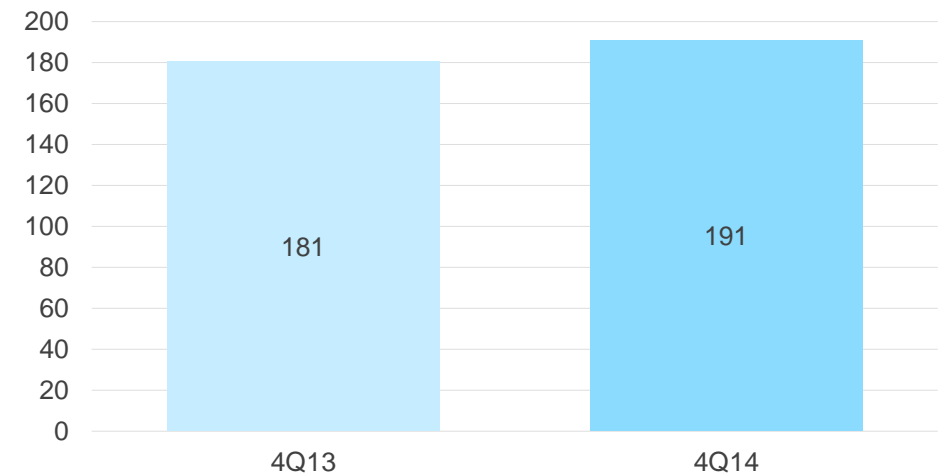


*Unaudited

** Includes Opera's O&O ad impressions

*** Contribution from AdColony of around \$48m in 4Q14

AdMarvel managed ad impressions (billion)**



Revenue: Desktop Consumers 4Q14

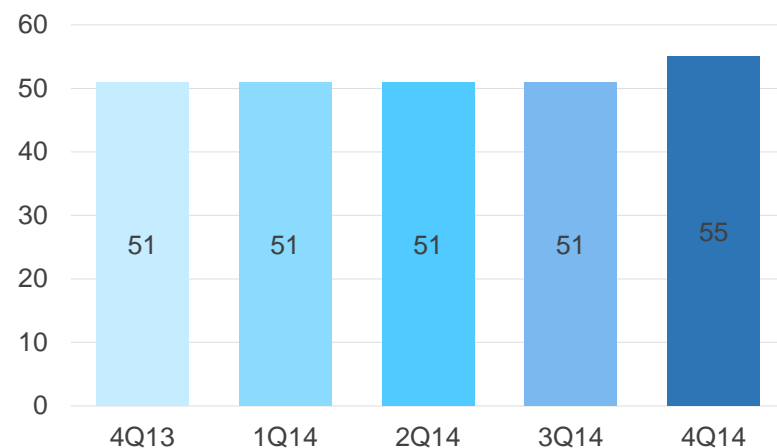
Desktop revenue below expectations

User growth and underlying solid ARPU offset by weak local currencies and the Russian ruble in particular and lower licensing revenue

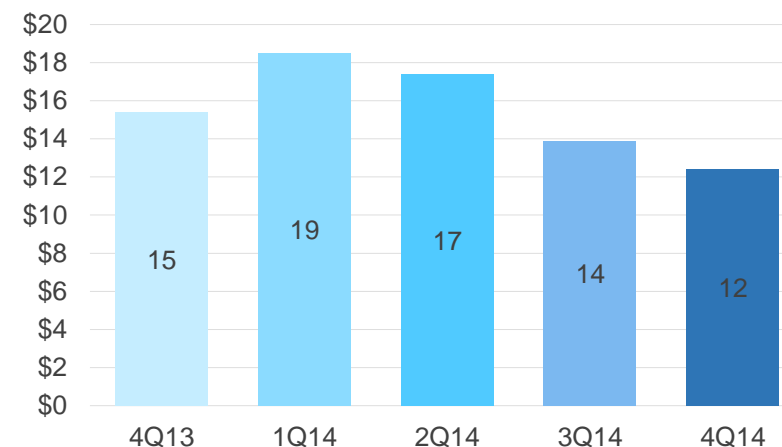
Desktop users at 55 million, up 8% versus 4Q13

Overall revenue growth: Down 20% versus 4Q13

Monthly Desktop users* (last month of quarter)



Desktop revenue* (\$m)



*Unaudited

Revenue: Device OEMs 4Q14

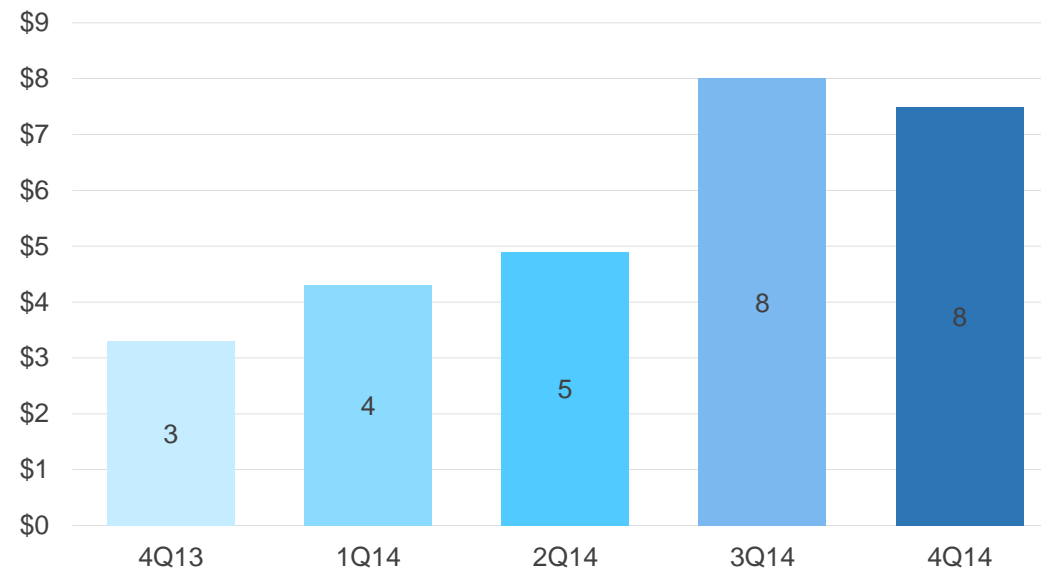
Device OEM revenue in line with expectations

Revenue driven by Connected TV customers

License revenue: ~70% of revenue

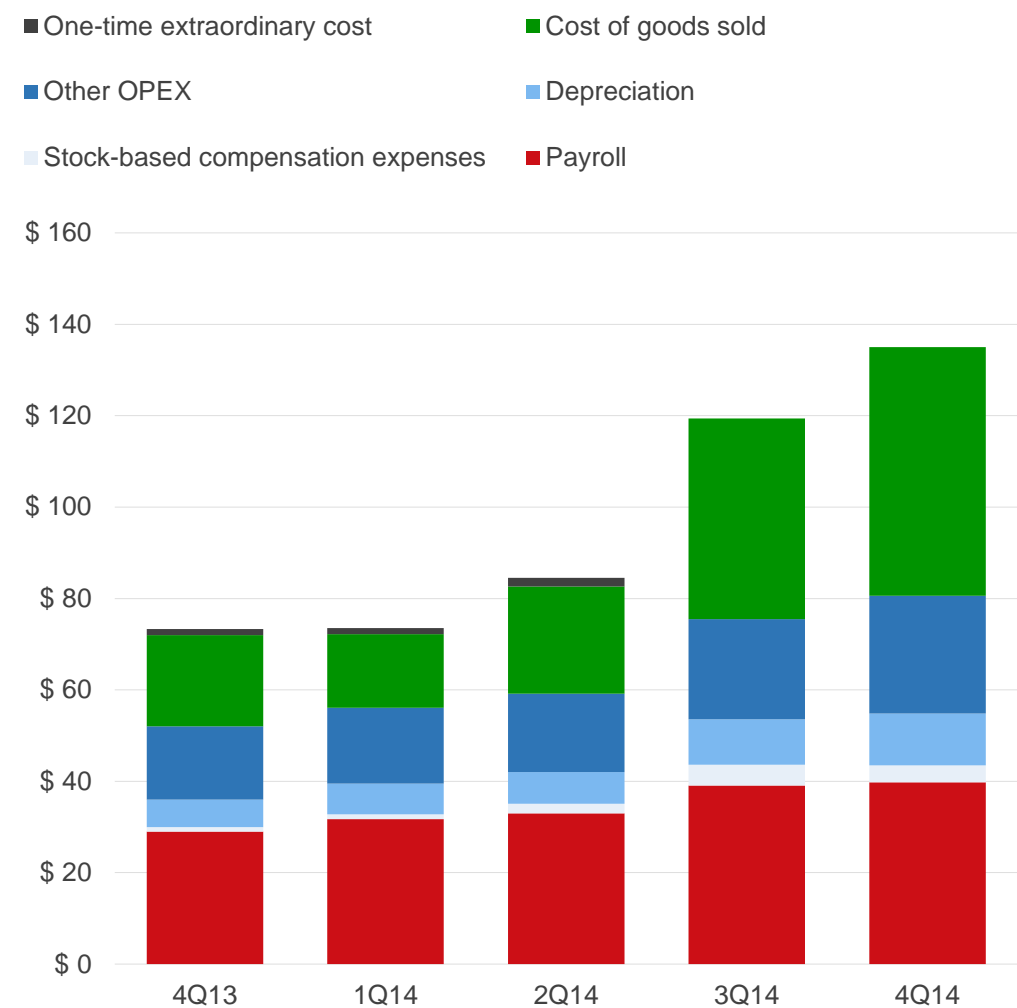
Overall revenue growth: 125% versus 4Q13

Device OEM revenue* (\$m)



*Unaudited

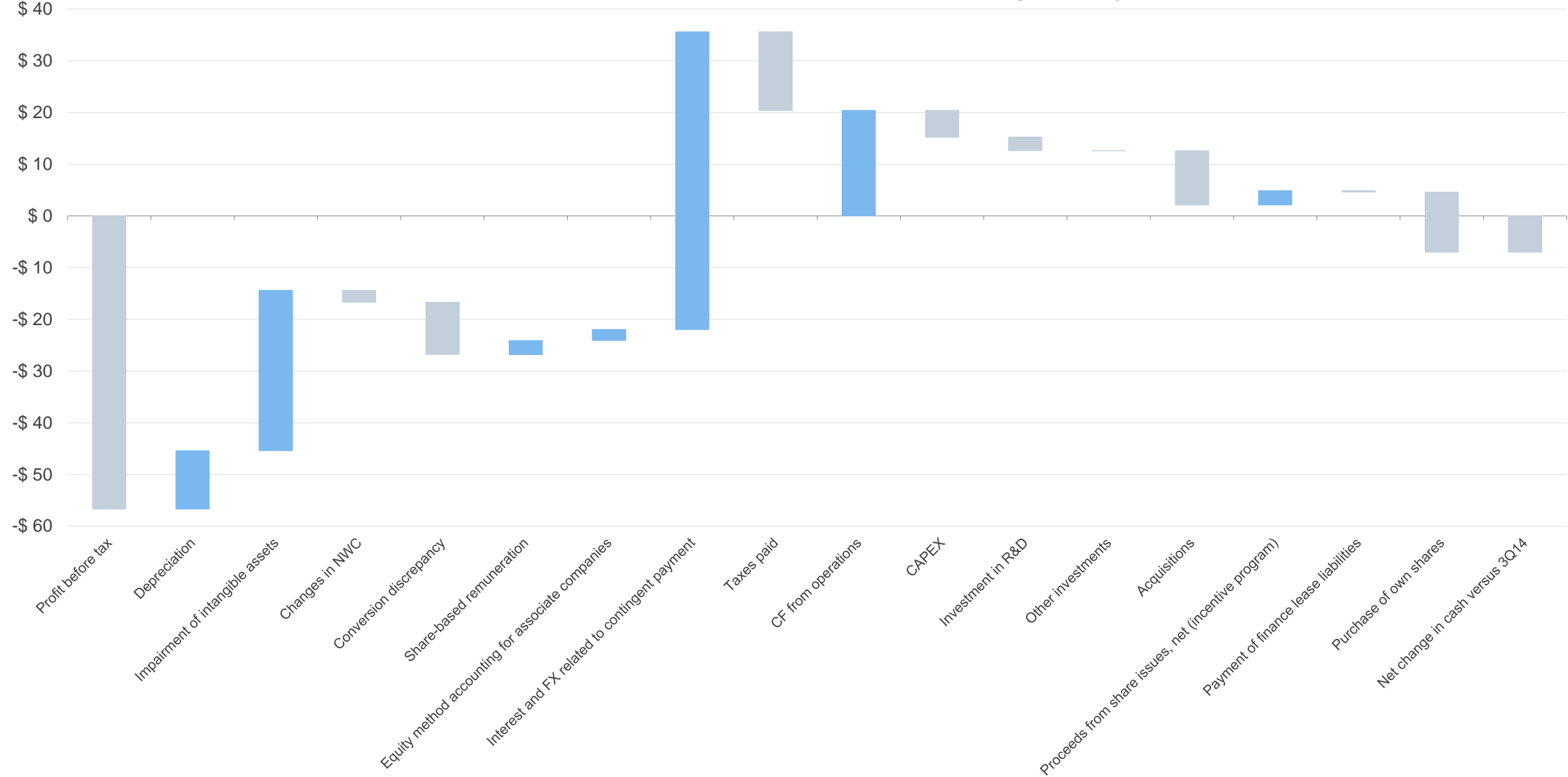
OPEX Development (\$m)



*Excludes \$31 million impairment expense related to Skyfire

Cost line	4Q14 vs. 4Q13	Comments
Payroll	35%	Higher headcount
Cost of Goods sold	163%	<p>Driven by 139% growth in Mobile Publisher and Advertiser revenue</p> <p>Cogs or Publisher Cost related to Mobile Publisher & Advertiser business</p>
Other OPEX	69%	Marketing and travel expenses key drivers
Depreciation & Amortization*	80%	Higher investments in Opera Mini server infrastructure and depreciation on intangible assets related to acquisitions.
Stock-based compensation expenses	275%	Stock-based compensation expenses increased in 4Q14 due to the issuance of RSUs based on a restricted stock unit (RSU) plan that was approved by Opera’s shareholders at the 2014 Annual General Meeting
Total Expenses*	85%	

Cash Flow 4Q14 (\$m)



Explaining IFRS to Non-IFRS Profit for the period

IFRS Profit for the period	(58.3)
Non-cash stock-based compensation	3.7
Impairment of intangible assets	31.0
Acquisition-related adjustment - depreciation of acquired intangible assets	6.2
Items excluded from operating expenses	40.9
Non-operations related costs	0.0
Items excluded from costs for restructuring the business	0.0
Acquisition-related adjustment - non-cash interest expense, net	6.2
Acquisition-related adjustment - non-cash FX gains/losses, net	25.2
Other FX gains/losses, net (negative amount = losses)	(14.7)
Gain/losses on non-controlling strategic equity interest	2.1
Acquisition-related adjustment - other non-cash items, net	26.3
Items excluded from finance costs	45.0
Acquisition-related adjustment - non-cash income taxes	(1.8)
Items excluded from provision for taxes*	(1.8)
Non-IFRS Profit for the period***	25.7

Based on the impairment test the Group recognized an impairment expense related to the Skyfire goodwill of \$31 million.

FX impact on balance sheet items due in particular to the strengthening of the USD vs. NOK

Revaluation of contingent consideration associated with acquisitions was \$26.3 million in the quarter due in particular to increased earn-out expectations for the AdColony acquisition.

2014 Review

	Financial metric	2014 (\$m)	2013 (\$m)	2014 vs 2013
Revenue	Total revenue	480.8	300.1	60%
Profitability	Adj. EBITDA*	118.0	86.6	36%

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

2015 Guidance

Metric	2015 Guidance
Revenue*	\$630-650m
Adj. EBITDA**	\$130-140m

* Assumes FX rates as of February 10th 2015

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

2015 Guidance explained

2015 Aspirations***

Metric	2015 Aspirations***
Revenue*	\$670m
Adj. EBITDA**	\$180m

FX/Macro/Skyfire impact on aspirations****

Metric	2015 Aspirations
Revenue*	-\$60m
Adj. EBITDA**	-\$45m

Implied FX/Macro/Skyfire adjusted 2015 aspirations

Metric	2015 Aspirations
Revenue*	\$610m
Adj. EBITDA**	\$135m

Actual 2015 guidance

Metric	2015 Guidance
Revenue*	\$630-650m
Adj. EBITDA**	\$130-140m

* Assumes FX rates as of February 10th 2015

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

*** Updated June 2014 in connection AdColony acquisition

**** Revenue impacted by FX is estimated to be \$30 million, compared to FX rates in June 2014, of which the clear majority is Russian ruble. "Macro" refers to the much more difficult macro-economic situation in the Russia/CIS region. "Skyfire" refers to lower expectations on operator Rocket Optimizer contracts compared to expectations last year

2015 revenue trend

	2014 Actual	2015 Outlook*
Operators	\$67.3m	Down, due to declining Co-branded operator revenue
Mobile Consumers	\$52.9m	Up, driven by growth in mobile advertising revenue on O&O properties
Mobile Publishers & Advertisers	\$272.8m	Up, driven by growth from brand and performance advertisers and mobile video advertising in particular
Desktop	\$62.2m	Down, solid user trend, offset by macro situation in Russia/CIS, FX and lower license revenue
Device OEMs	\$24.7m	Flat, driven by Connected TV customers

* Assumes FX rates as of February 10th 2015

1Q15 Guidance

Metric	1Q15 Guidance
Revenue*	\$124m – 128m
Adj. EBITDA***	\$16m – 20m

* Assumes FX rates as of February 10th 2015

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

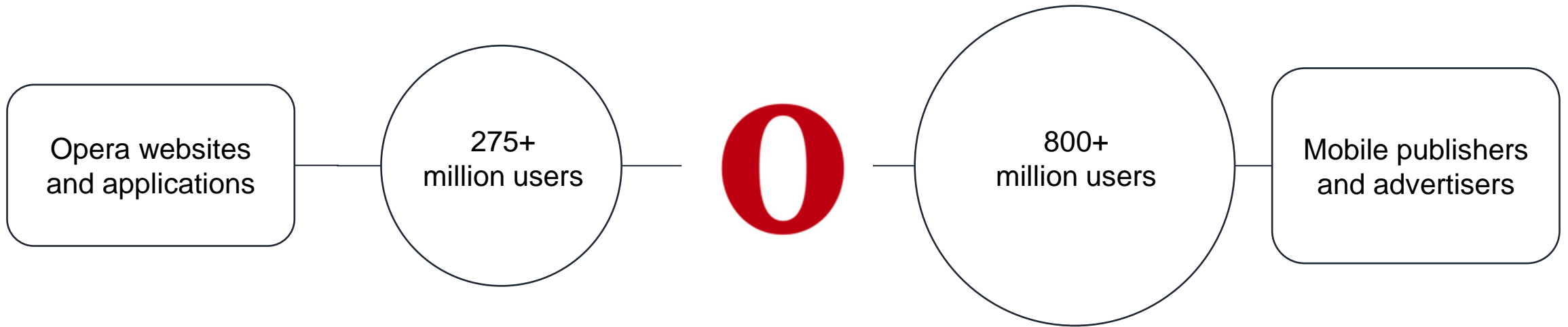
1Q15 Guidance Overview

		Vs. 4Q14*	Comments
Revenue	Operators	Down	Lower Co-branded and Rocket Optimizer revenue
	Mobile Consumers	Flat	Solid advertising and license revenue
	Mobile Publishers & Advertisers	Down	Strong underlying trend in seasonally weak quarter
	Desktop	Down	Stable user trend and ARPU impacted by FX
	Device OEMs	Down	Solid revenue from Connected TV customers
Expenses	Payroll	Flat	Relatively flat overall headcount
	Cost of goods sold	Down	Reflecting Mobile Publisher & Advertiser revenue trend
	Stock-based compensation	Flat	Stable trend with cost of RSU program leveling out
	Depreciation (excluding impairment expenses)	Flat	Investments in cloud based server hosting infrastructure and acquisition related depreciation leveling out
	Other Opex	Flat	Relatively flat overall headcount

* Assumes FX rates as of February 10th 2015

1+ billion mobile audience reach

We empower the mobile internet economy



Advertisers

Media optimization capabilities

A red-tinted photograph of a busy city street, likely New York City, with tall buildings, traffic lights, and cars. The image serves as the background for the event poster.

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Opera Software

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THURSDAY, MARCH 19



Operational update

Lars Boilesen

CEO, Opera Software ASA

Opera Software – Fourth quarter 2014

Highlights from our business units



Consumer products

Continued strong Android growth



Operators

Launched first operator-branded app store
Tier-1 mobile operator, Huawei, signed for video optimization



Mobile publishers and advertisers

Strong revenue growth
Announced the acquisition of AdVine, South Africa's leading premier mobile-advertising network

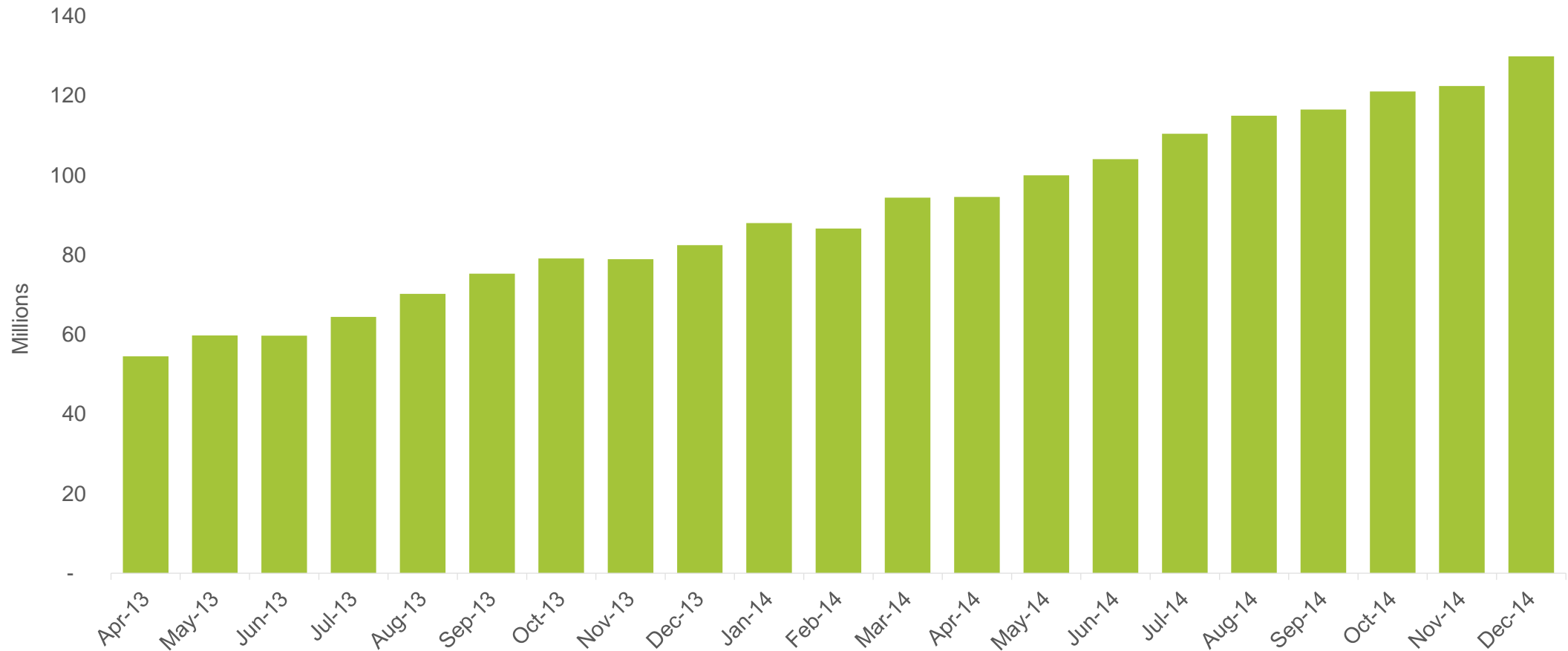


Consumer products

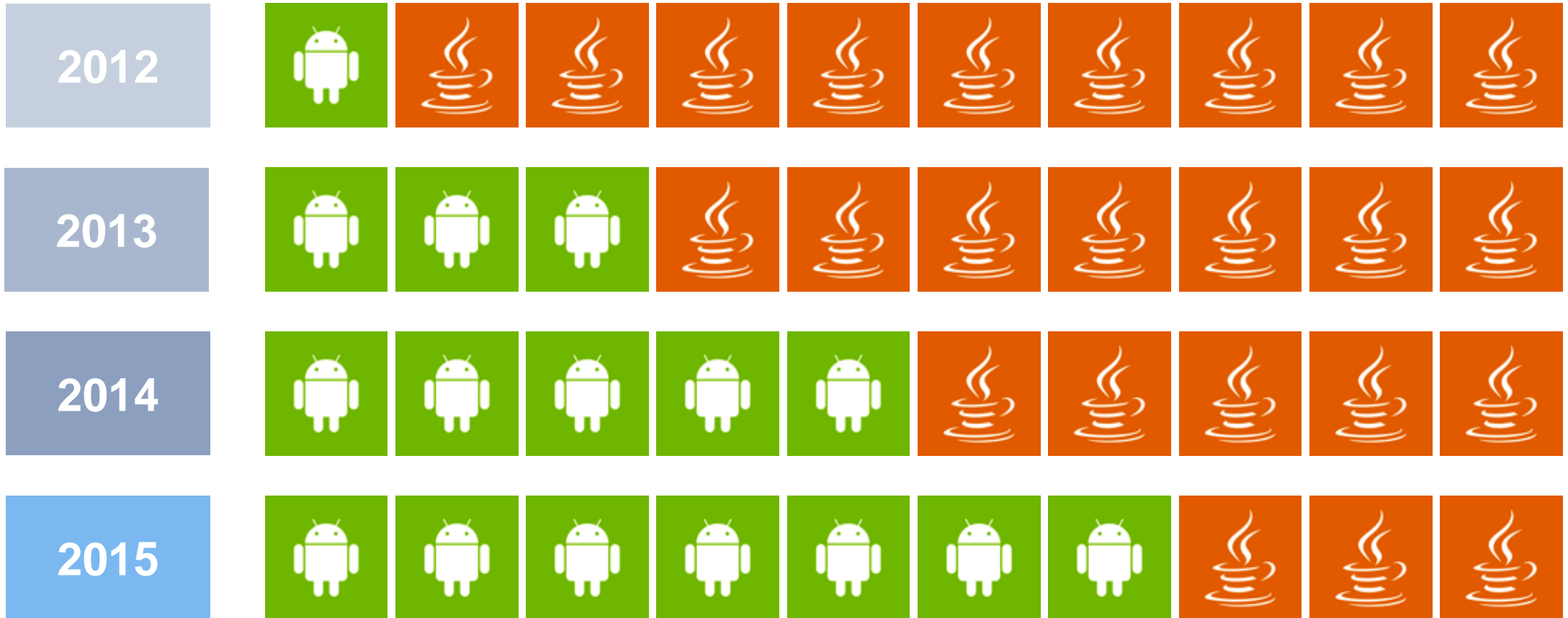
Quarterly report
Fourth quarter 2014

130 million Android users

Up 53% over the past 12 months



Half of our mobile users are now on smartphones





50 million Opera users
online in India



MICROMAX

The biggest OEM in South- Asia

A distribution power in our core markets

Opportunities for monetization

Opportunities for growth



Strategic partnership
signed with Nokia
and Microsoft



Major distribution deal in Americas

About BLU

Founded in 2009 - based in Miami, USA

Opera browser embedded on the entire BLU product portfolio

Over 10 million BLU mobile devices have been sold in over 40 countries

BLU[®]
BOLD LIKE US



Opera Max

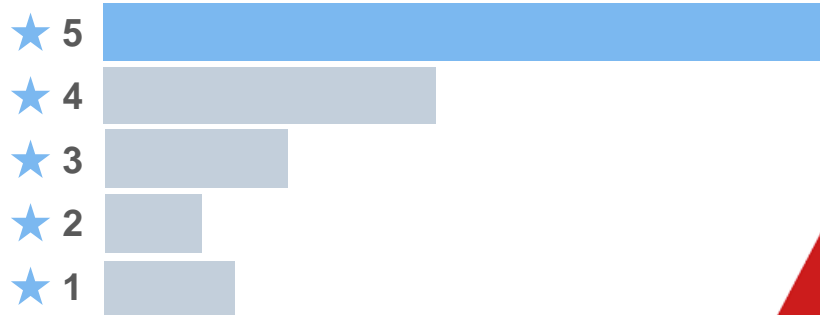


Now live in 108 countries



Available in 46 languages

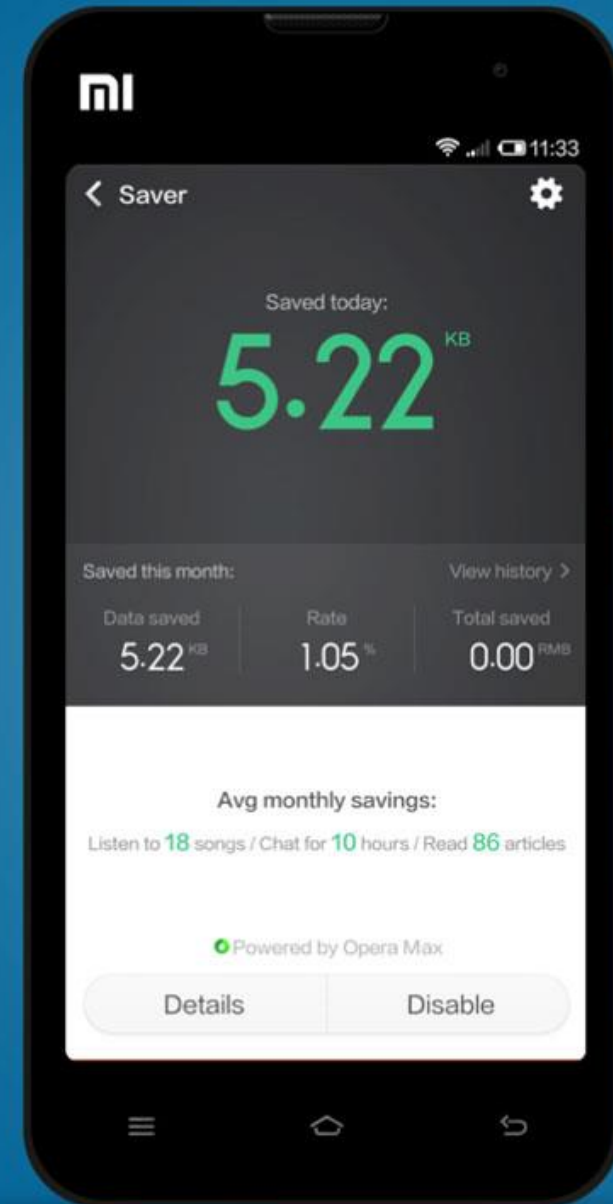
4.1
★★★★★





Opera Max

Opera powers Xiaomi smartphones



Device manufacturers are embracing Opera Max

mobiistar
TẬN HƯỞNG NHIỀU HƠN

EVERCOSS

SYMPHONY

TECNO
mobile

fly

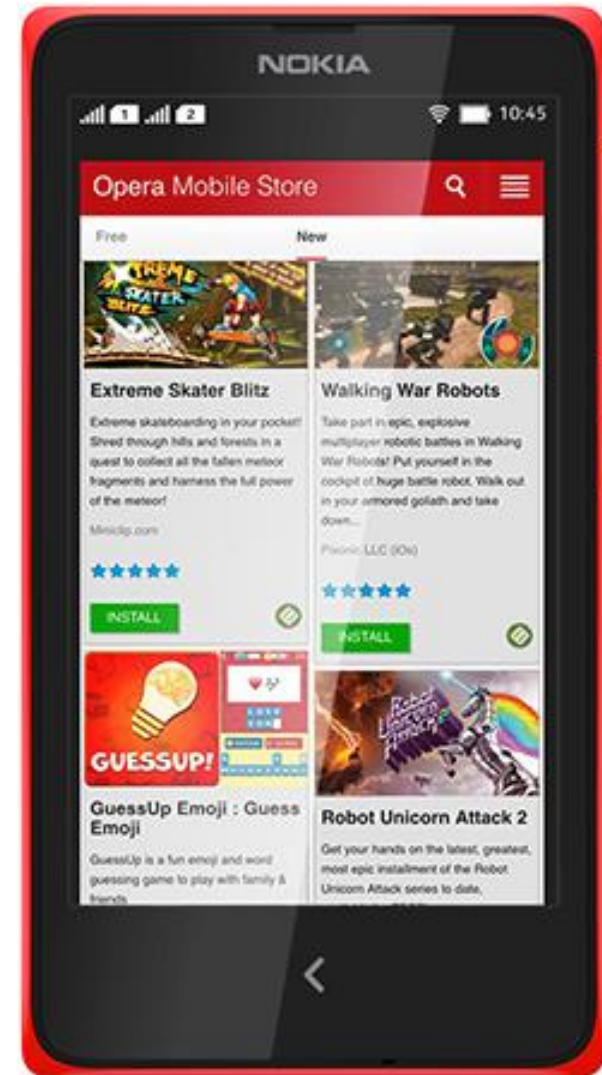
micromax

 **Prestigio**

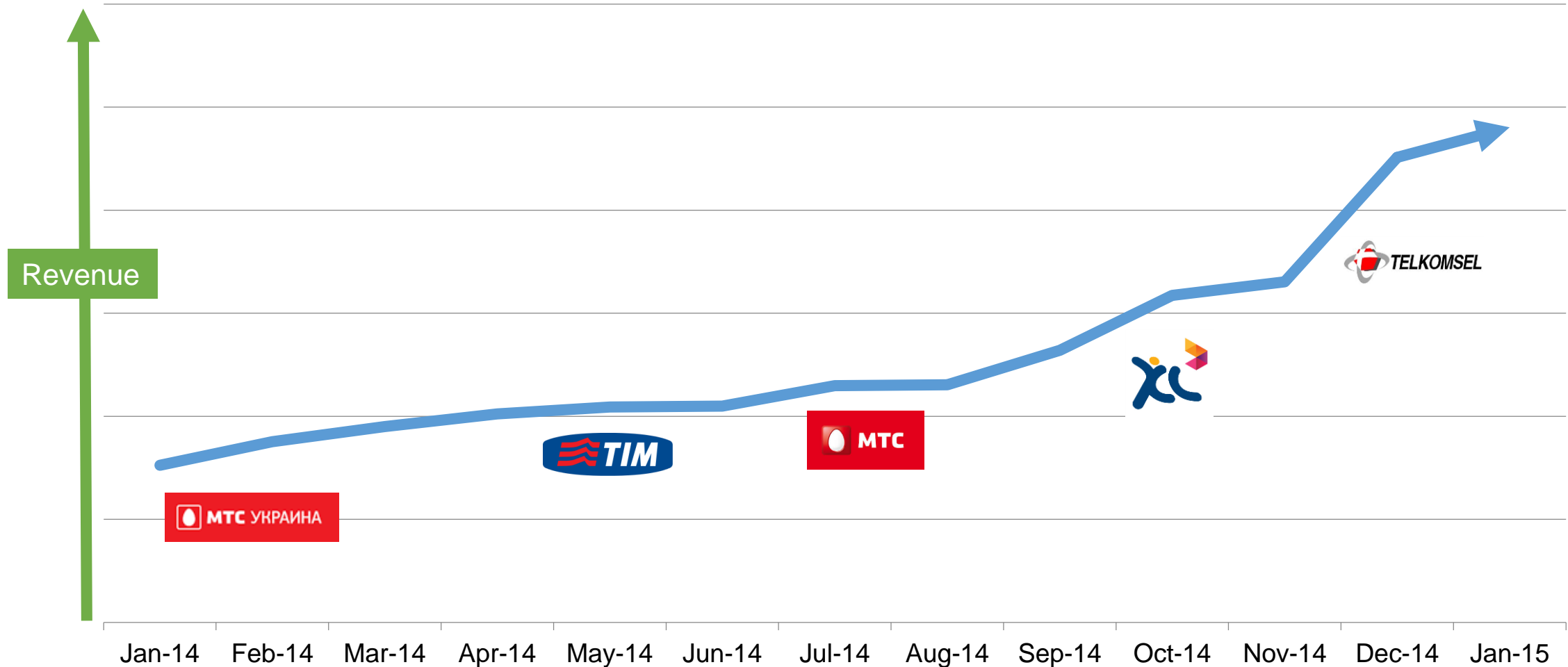
nextel

Opera is now the third largest App Store in the world

Signed agreement with Microsoft to extend Opera Mobile Store to more Nokia phones

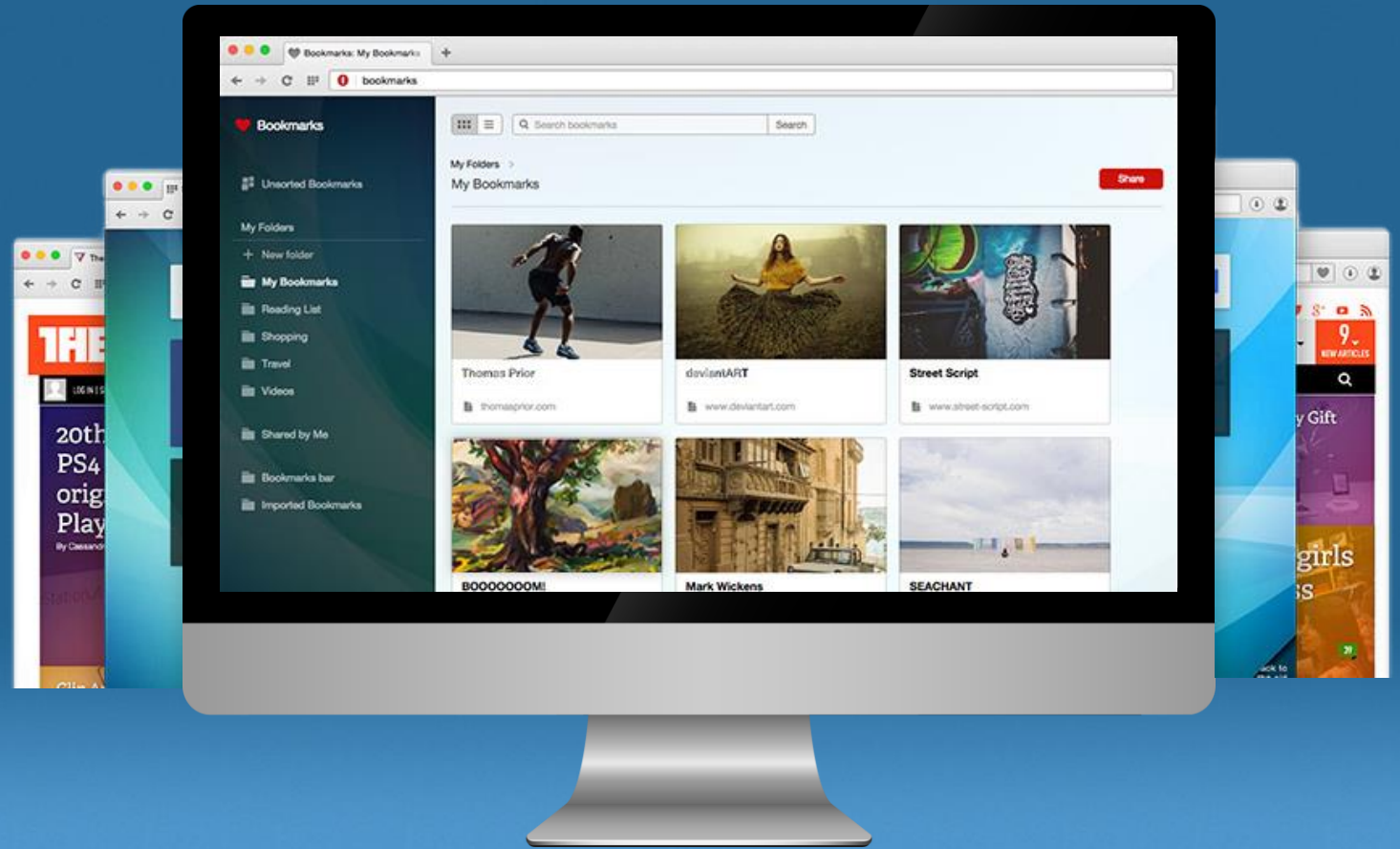


Signed operator deals add revenue streams for Opera Mobile Store



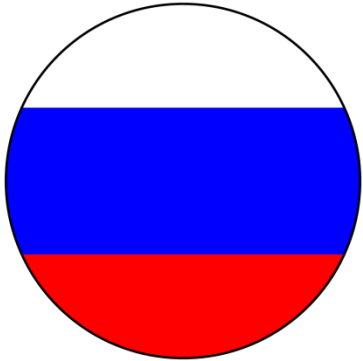
Opera Desktop

Back to growth



Opera Desktop

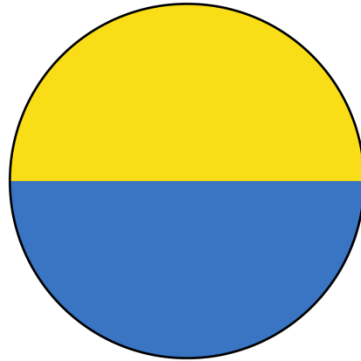
New markets



Russia



Brazil



Ukraine



Turkey



Vietnam

Opera TV

125% revenue growth

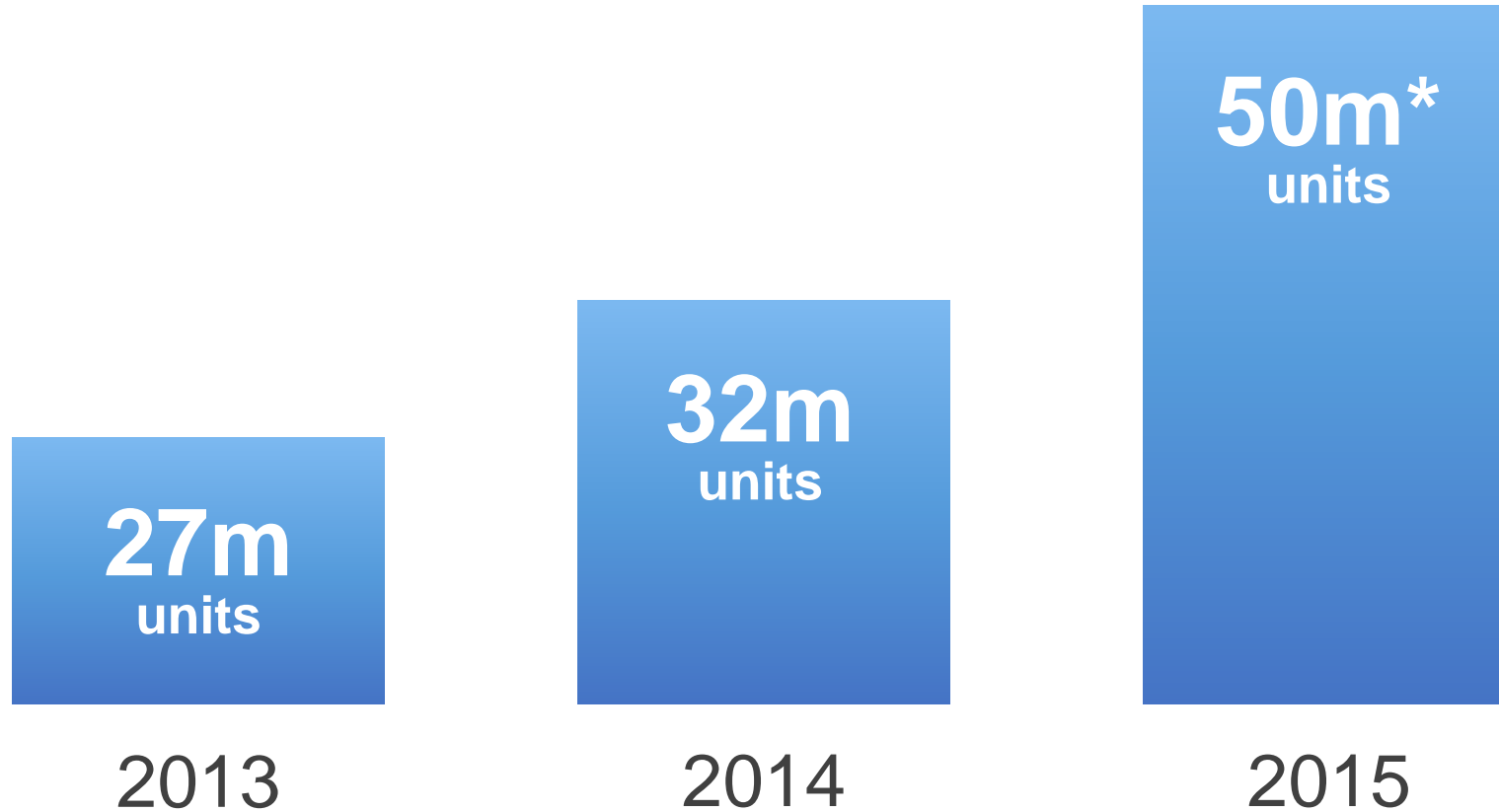
Year on year



Opera TV has a strong partner line-up



Opera TV shipment



* Target for 2015

Tier-1 TV operators embracing HTML5 for OTT

Two operators signed with many millions of subscribers



Opera TV Store continues to grow

More than 500,000 video titles now available in the store

Broad range of content, from live broadcasts to video-on-demand and short clip





Operators

Quarterly report
Fourth quarter 2014

Opera partners with Huawei

Opera's Skyfire unit to deliver video optimization for cloud platform



OPERATM
software

Operators see the value of Opera Web Pass



Malaysia



India



Turkey



India



Ukraine



Belarus



Thailand



Indonesia



Pakistan



Pakistan



Nigeria



Ghana



Indonesia



Romania



Ukraine



Serbia



Bangladesh



Brazil



India

Advertisers and operators working together with Opera to enable free internet access for a lot of people

Turkey



Pakistan



India



Brazil



Indonesia



India





Mobile publishers and advertisers

Quarterly report
Fourth quarter 2014



#1 Independent mobile ad platform

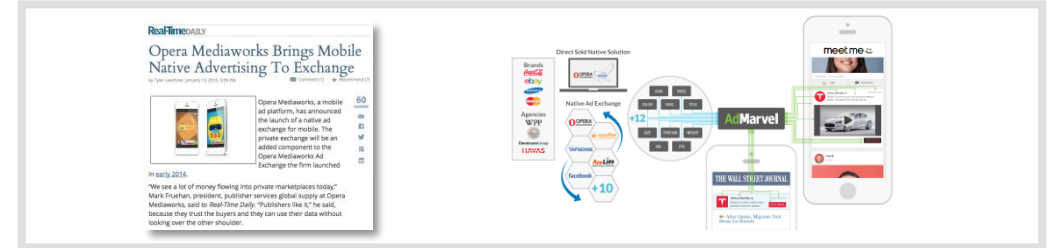
- Focused on driving monetization for the largest & most successful publishers
- Delivering the best brand experiences for advertisers, when it matters the most

Our unique position as the leading market maker in the mobile ad economy



Innovation delivering highly differentiated solutions to advertisers & publishers in Q4

Native Ad Exchange launch



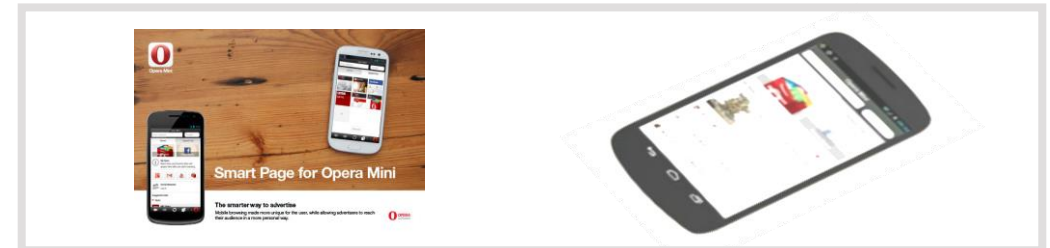
Proprietary Native Video Ads (Instant-Feed™) distribution



Shopper Insights and Cross-Screen Attribution



Native and Rich Media ads inside Opera Mobile browsers



Brand business continues to be strong especially in U.S.

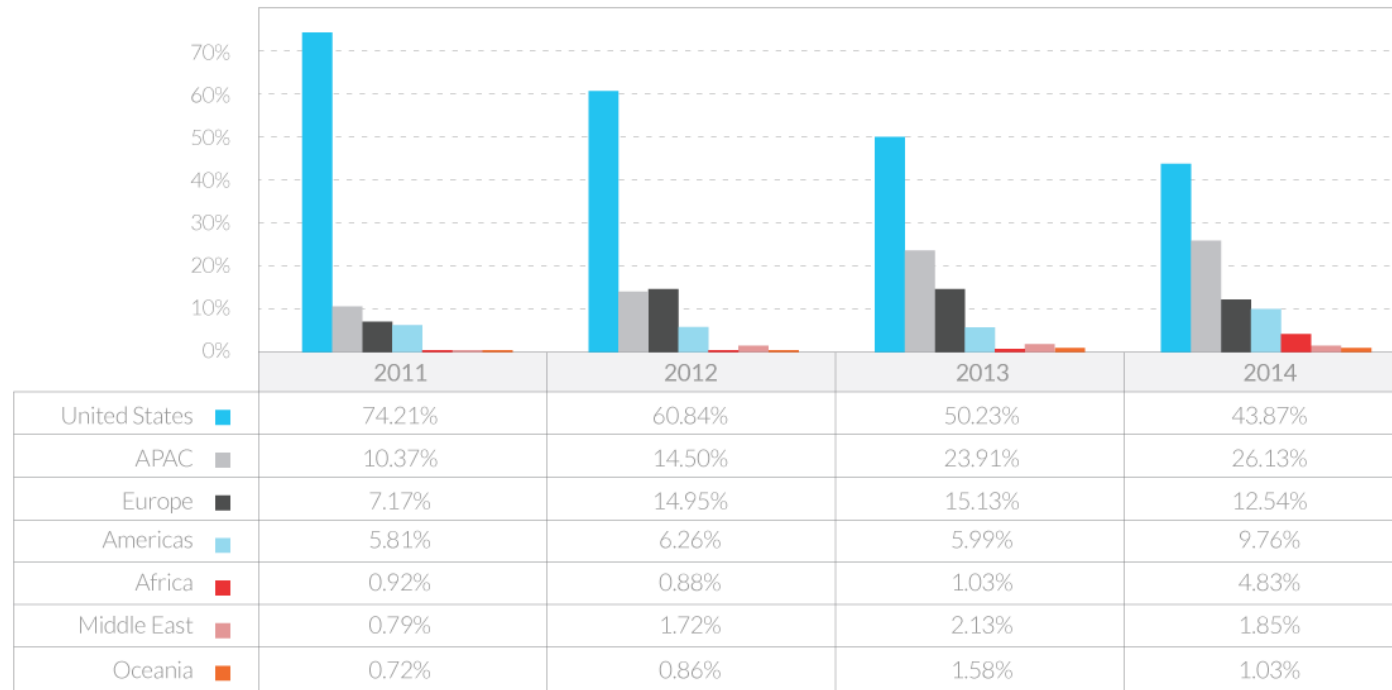
Working with 90%+ of the AdAge Top 100 with Q4 highlights including:



Strong growth in Asia creates opportunity for expansion

Launched APAC team in Q4 to meet growing needs of brands, agencies & publishers in the region

% of impressions



Three companies joined Opera Mediaworks in 2014



Going into 2015

Key assets and priorities

Continued strong growth from our leading ad platform position with clearly differentiated products

Strong and growing user base on smartphones in leading Opera markets

Several initiatives and good traction on monetization of own mobile users base

Leverage on our strong partnerships with big players in the mobile industry

A red-tinted photograph of a busy city street, likely New York City, with tall buildings, traffic lights, and cars. The image serves as the background for the event announcement.

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