



*Strategic and Financial Context*

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## A note from our lawyers

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# Agenda

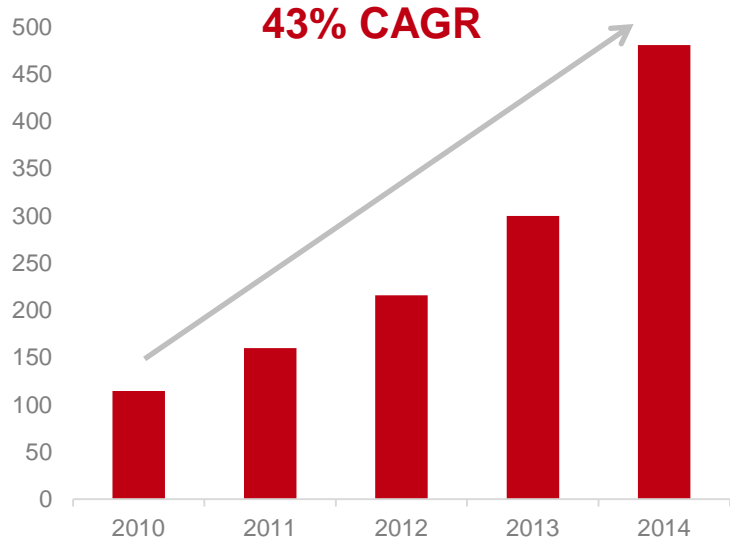
**Context for Long Term Growth**

**2015 Viewpoints**

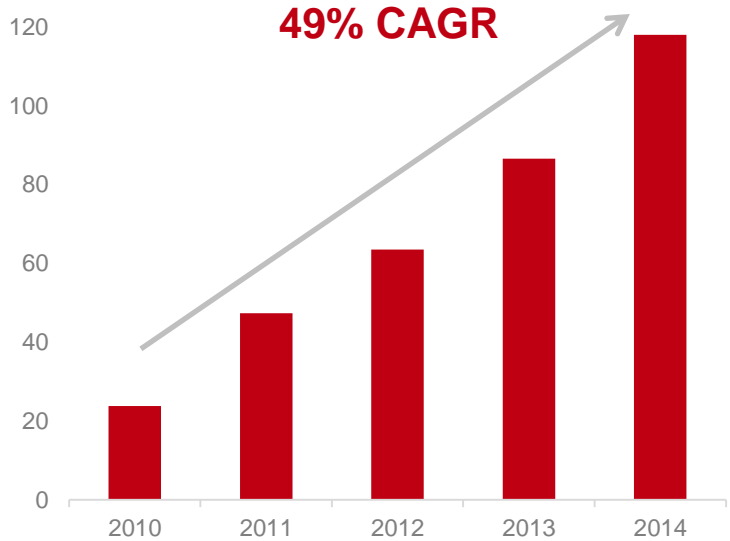
**2017 Aspirations**

# OPERA: STRONG PLATFORM FOR LONG-TERM GROWTH

Revenue (\$m)



Adjusted EBITDA\* (\$m)

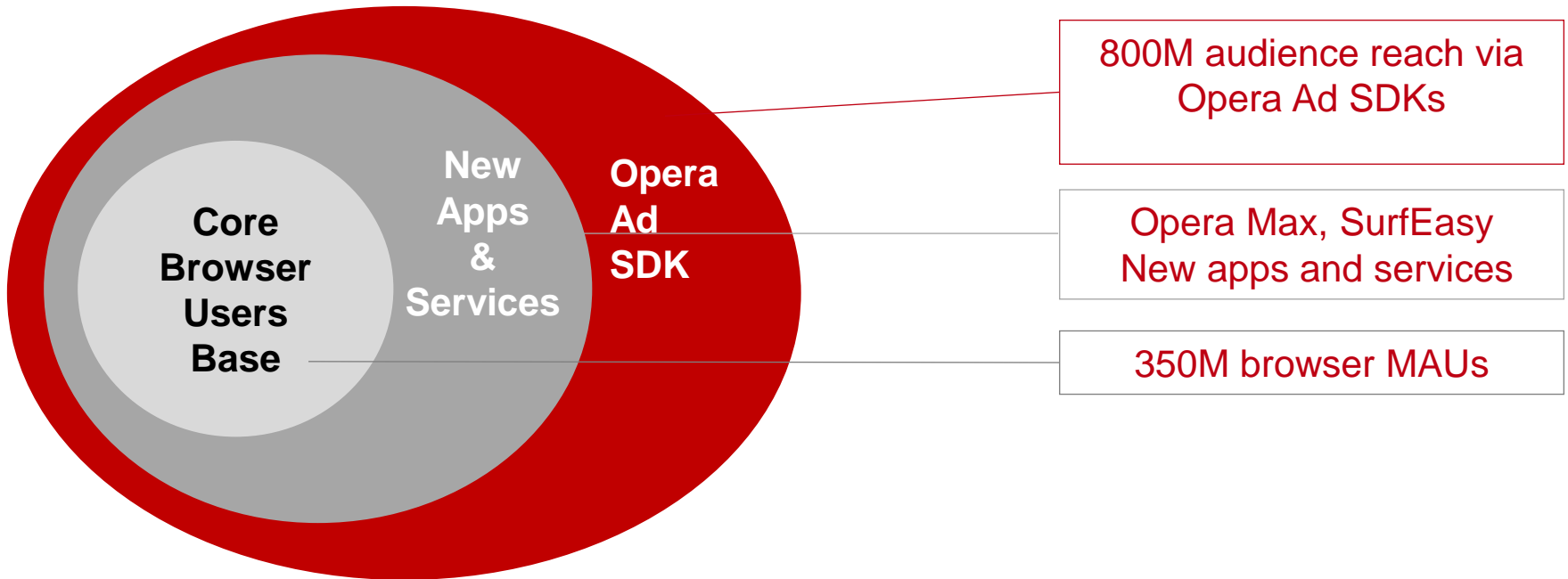


\*Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs

# OPERA'S STRATEGIC FOCUS

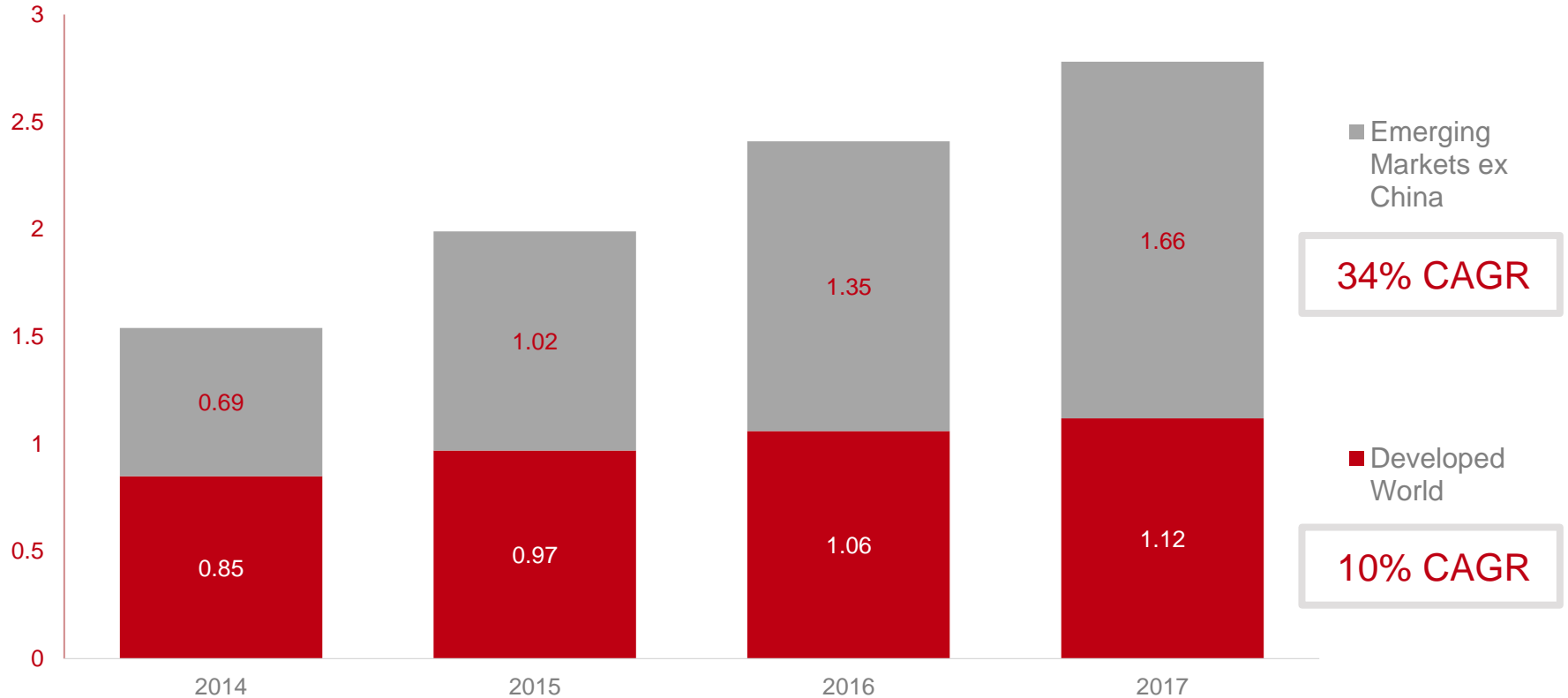
Build one of the largest Internet audiences in the world – 1.0 B+ today...and growing

Audience = Key to Revenue & Profit growth



# OPERA: SIGNIFICANT MARKET OPPORTUNITY

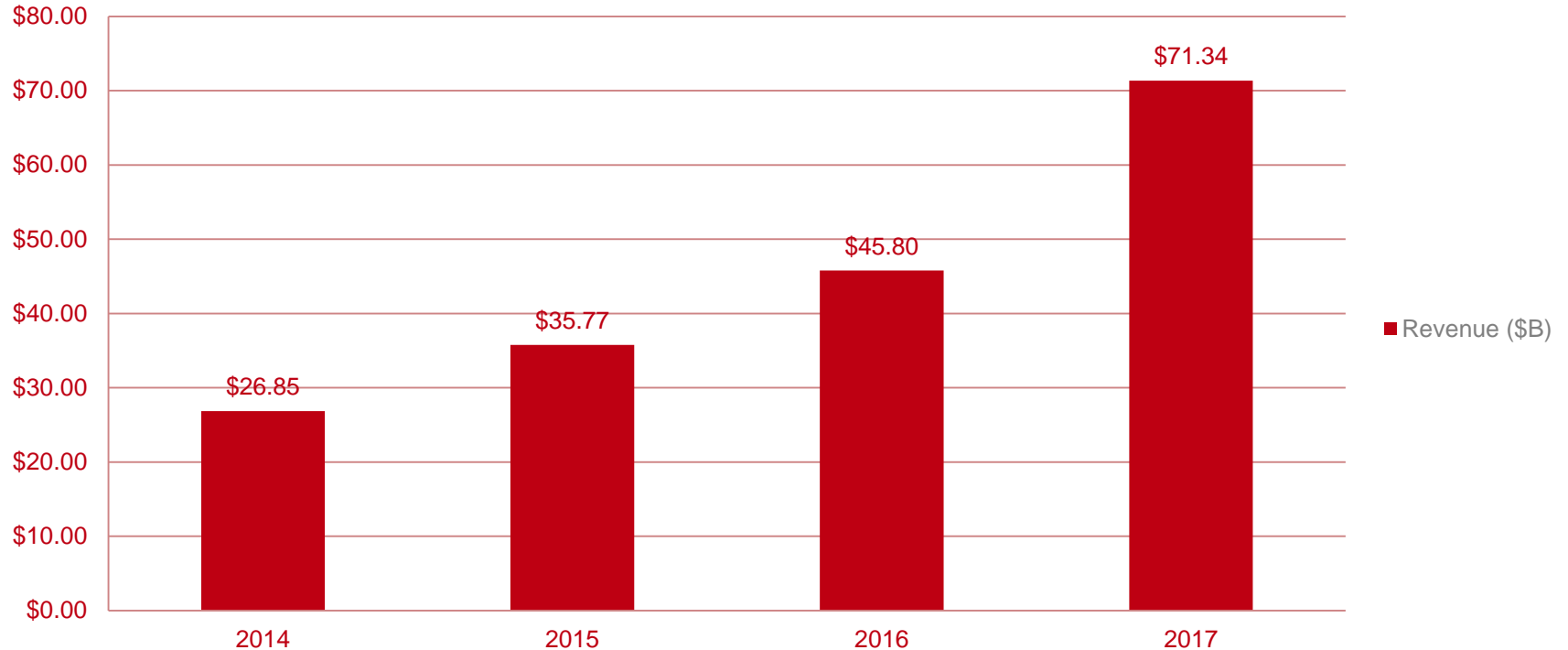
Smartphone users Worldwide ex China, 2014-2017 (Billions)\*



\*Source: Canalsy, Emerging markets defined by World Bank (2014)

# OPERA: SIGNIFICANT MARKET OPPORTUNITY

Mobile ad spending expected to grow almost 3x 2014 to 2017 (\$B)



Note: includes display (banners, video and rich media) and search; excludes SMS, MMS and PSP messaging-based advertising; ad spending on tablets is included  
Source: Zenith Optimedia, 2014

# OPERA: SIGNIFICANT MARKET OPPORTUNITY

Mobile advertising spend strong in core Opera markets

## Mobile Internet Ad Spending Worldwide, by Country, 2014-2017 (millions)\*

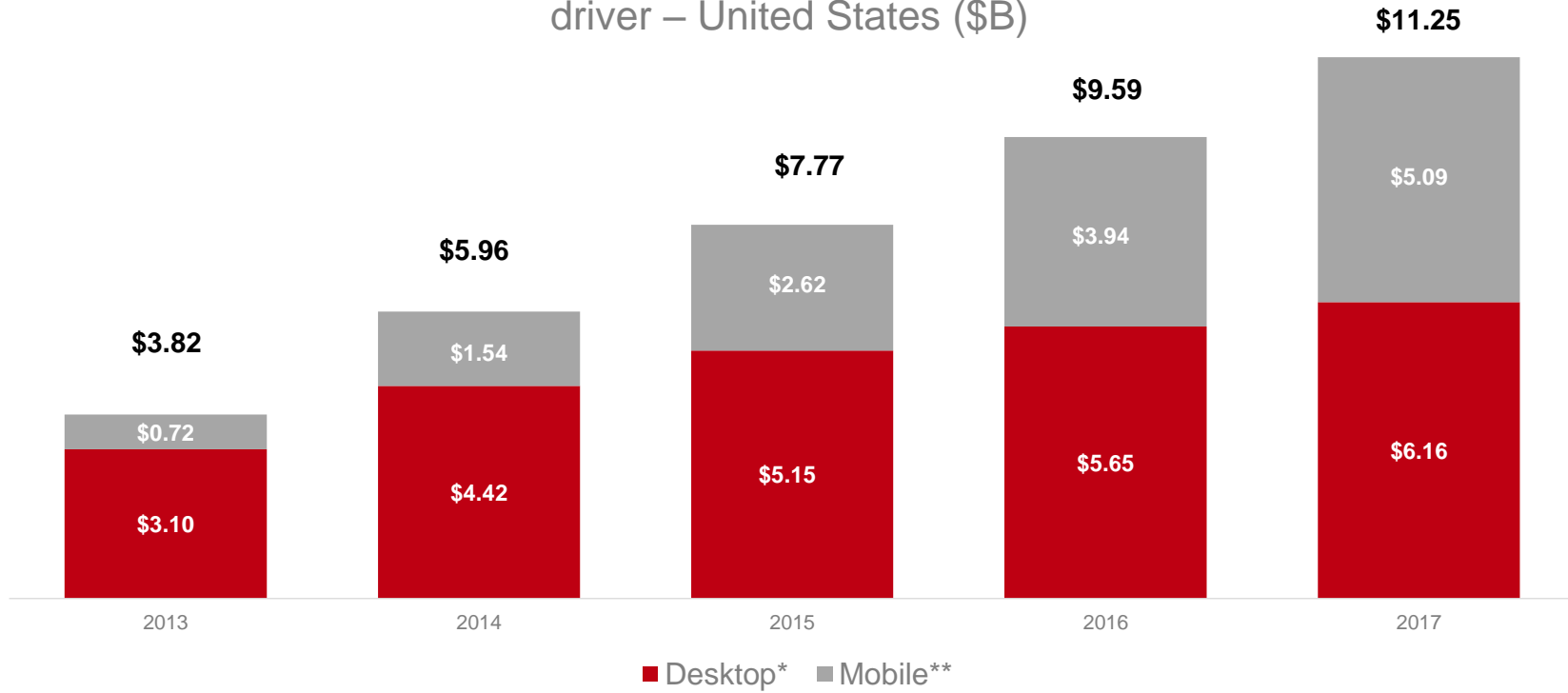
	2014	2017	CAGR 2014-2017
US	\$12,524	\$27,631	30%
UK	\$1,889	\$4,983	38%
Germany	\$878	\$2,372	39%
Canada	\$612	\$1,726	41%
Brazil	\$182	\$1,056	80%
Mexico	\$149	\$534	53%
Russia	\$93	\$259	41%
India	\$33	\$175	74%
Indonesia	\$15	\$154	117%
Argentina	\$13	\$160	131%
<b>Core Opera Markets</b>	<b>\$16,388</b>	<b>\$39,050</b>	<b>34%</b>

\* eMarketer December 2014 and Zenith Optimedia, 2014



# OPERA: SIGNIFICANT MARKET OPPORTUNITY

Mobile video advertising expected to be a big driver – United States (\$B)

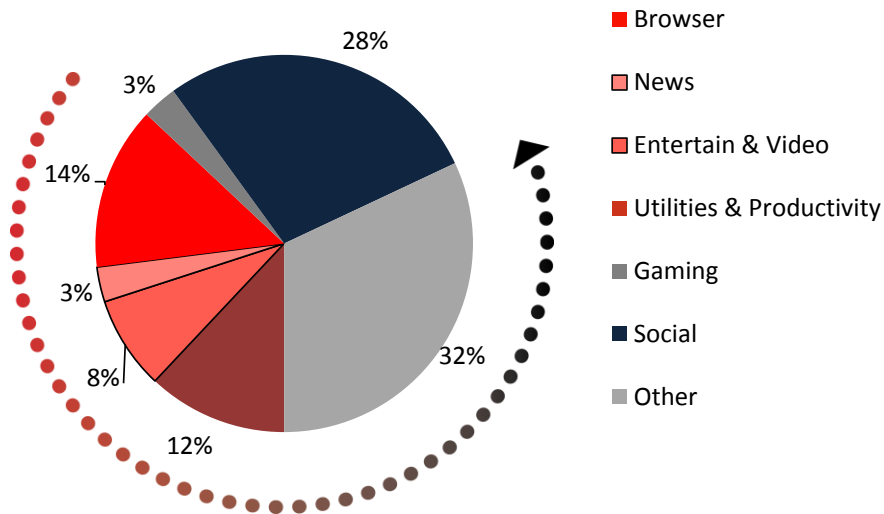


Note: \*includes advertising that appears on desktop and laptop computers;  
\*\*includes mobile phones and tablets; includes in-banner, in-stream and in-text  
Source: eMarketer, Sep 2014

# OPERA: SIGNIFICANT UNTAPPED MOBILE CONTENT OPPORTUNITY

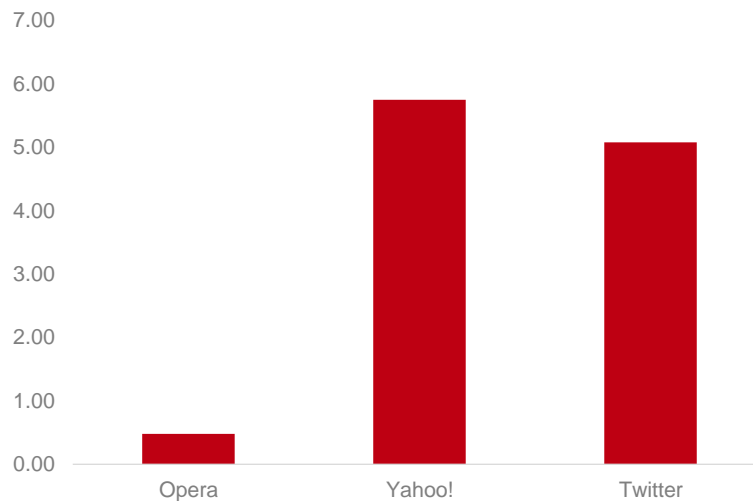
Significant opportunity beyond browsing\*

## Percentage of Time Spent on Mobile Devices By Category



Significant ARPU potential on Content\*\*

## ARPU



\*Comscore, August 2014

\*\*Opera estimate, company SEC filings, based on 3Q/4Q 2014 annualized numbers

# OPERA USERS CONSUME SIGNIFICANT AMOUNT OF CONTENT

Opera Mini Unique Users of Websites



# OPERA: SIGNIFICANT UNTAPPED MARKET: PRIVACY/VPN

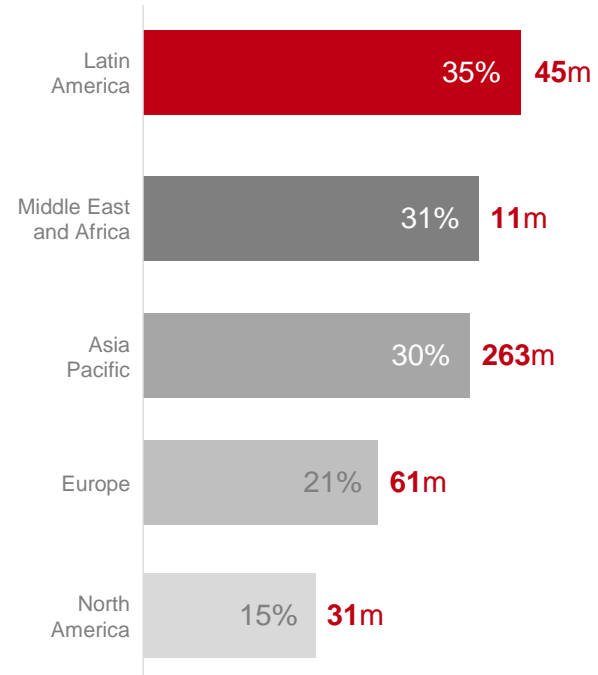
Emerging markets have been long adopters of VPN's for privacy, security and censorship.

Western markets have become fast growing recent adopters.

**TOTAL  
ADDRESSABLE  
MARKET:**

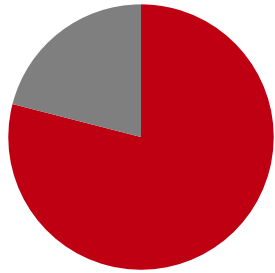
**400m users\***

## VPN USAGE AND PENETRATION BY REGION \*

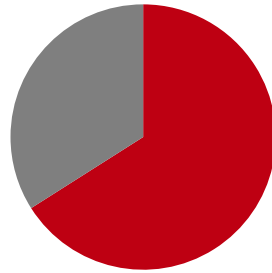


# OPERA: SIGNIFICANT UNTAPPED OPPORTUNITY

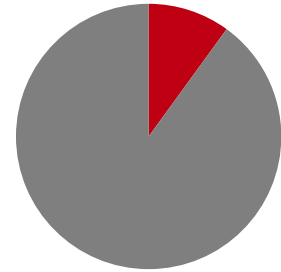
## Mobile Privacy Market



79% of Opera Mini Users Are Concerned About Malicious Sites<sup>(a)</sup>



66% of Opera Mini Users Believe Privacy Is Important<sup>(a)</sup>



10% Believe They Have The Tools & Knowledge to Manage Their Privacy/Security<sup>(b)</sup>

Security and privacy rank as top concerns for desktop and mobile users

In spite of this, few users actually know how to solve their issues

(a) Opera Mini survey

(b) Forrester research

# INTRODUCTION TO NEW REPORTING FORMAT

**2014**

**MOBILE CONSUMERS**

**OPERATORS**

**MP&A\***

**DESKTOP**

**DEVICES**

**2015**

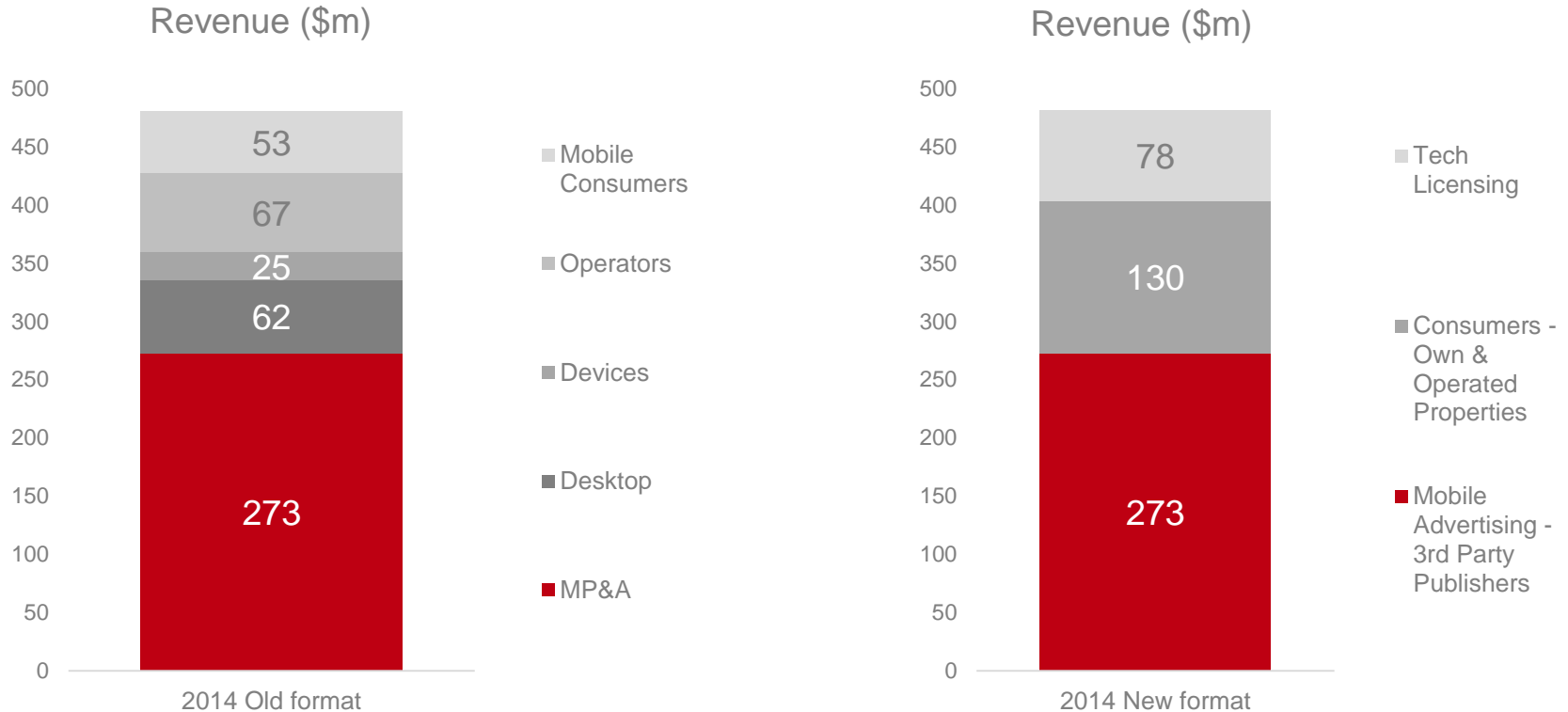
**CONSUMERS – OWN &  
OPERATED  
PROPERTIES**

**MOBILE ADVERTISING  
– 3<sup>rd</sup> PARTY  
PUBLISHERS**

**TECH LICENSING**

# INTRODUCTION TO NEW REPORTING FORMAT

Comparison of Revenues: 2014 revenues on new and old format



# RE-ITERATED GUIDANCE (BASED ON FEB 10<sup>TH</sup> FX RATES)

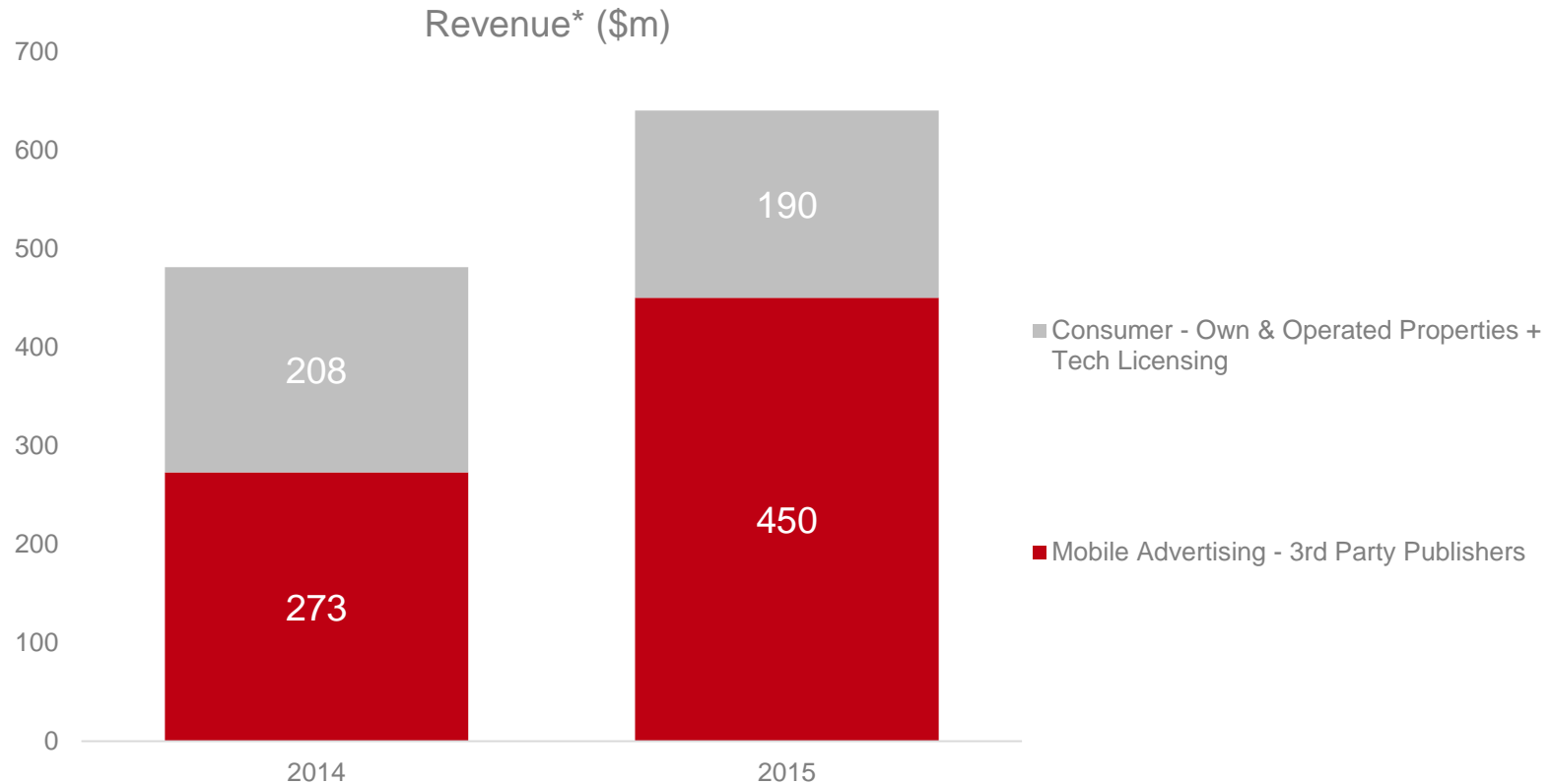
Metric	1Q15 Guidance	2015 Guidance
Revenue*	\$124-128m	\$630-650m
Adj. EBITDA**	\$16-20m	\$130-140m

\* Assumes FX rates as of February 10<sup>th</sup> 2015

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



# 2015 GUIDANCE IN MORE DETAIL (MIDPOINT)



\*Assumes FX rates as of February 10<sup>th</sup> 2015 and midpoint guidance given at 4Q14 presentation February 11<sup>th</sup> 2015

Note: Revenue split for 2015 is based on feb 11<sup>th</sup> 2015 midpoint guidance and is not to be interpreted as guidance for each of the customer types

# 2015 REVENUE DRIVERS & ASSUMPTIONS

## CONSUMERS

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170m Smartphone browser users by end of 2015

Biggest incremental growth driver is mobile ad revenue from Opera O&O content properties

Gradual decline in co-brand revenue

65m Desktop users by end of 2015, relatively flat ARPU

## MOBILE ADVERTISING

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Expect to grow faster than the overall mobile ad market

AdColony video ads expected to be largest single growth driver versus 2014

Continued shift towards differentiated display

Greater contribution from Europe, Asia and LATAM

## TECH LICENSING

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Continued robust licensing of Opera consumer products

Flattish Skyfire revenues vs. 2014

Solid Connected TV revenue

# 2015 ADJ. EBITDA DRIVERS & ASSUMPTIONS

## CONSUMERS – Opera Owned and Operated Properties\*

### GOAL:

Adjusted EBITDA margins in the 30+/-% range for FY2015

### LEVERS:

Prioritize those products which are likely to drive the highest returns/long term margins to Opera

Focus on operational efficiencies to offset decline in revenue versus 2014 due to weakness of Ruble and EUR vs. the USD

Increase focus on products which will have the greatest impact on reaching Opera's 2017 revenue and profit targets:

- Opera on Smartphones
- Content services which increase engagement/time spent, facilitate strong ad monetization, and increase retention
- Opera Max and SurfEasy and new apps and services
- Apps and Games

# 2015 ADJ. EBITDA DRIVERS & ASSUMPTIONS

## Mobile Advertising – 3<sup>rd</sup> Party Publishers

### GOAL:

Adjusted EBITDA margins in the high teens range for FY2015

### LEVERS:

Continued strong investment in R&D, particularly in the Opera advertising SDK platform, data management and programmatic areas

Continued ramp up of brand sales and ad operations in the United States and expansion of AdColony User Acquisition sales footprint in Asia and Europe

Ramp up of investment in Asia to expand geographic footprint beyond just O&O territories

Slight decrease in gross margins offset by operational efficiencies and scale across the business

## **ADDITIONAL DISCLAIMER:**

The purpose of this presentation is to share with you our thinking on what 2017 could look like from a financial, user, audience and market perspective. The intention is to illustrate Opera's potential if we are able to execute successfully. In this presentation, we provide aspirations for 2017, including, but not limited to, revenue (as well as various breakdowns of revenue), adjusted EBITDA, margins, users and audience size, including hypothetical simulations on revenue and users for 2017. These aspirations and simulations should not be treated as forecasts, projections or as financial guidance and we cannot assure you that we will be able to accomplish any of these aspirations, plans, metrics or simulations, all of which are subject to risks and uncertainties, known and unknown, including, but not limited to, risks discussed in our 2013 Annual Report and our quarterly reports. Since the aspirations for 2017 are not in any way to be taken as formal guidance of future financial performance, Opera does not accept any obligation to, and will not, provide the market with any specific notifications should the actual financial performance deviate from the aspirations given herein. Any obligation to notify the market of such deviations will only be given based on a comparison between the formal guidance as given from time to time and as specifically and expressly referred to as "guidance" and the actual financial performance of Opera.

# 2017 - ASPIRATIONS

Metric	2017 Aspirations
Revenue*	\$1 Billion
# Users (Total Opera MAUs)****	500 mm
Total Audience Size (MAUs)*****	1.5 Billion
ADJ. EBITDA**	\$225 Million***

\* Assumes FX rates as of March 18<sup>th</sup> 2015

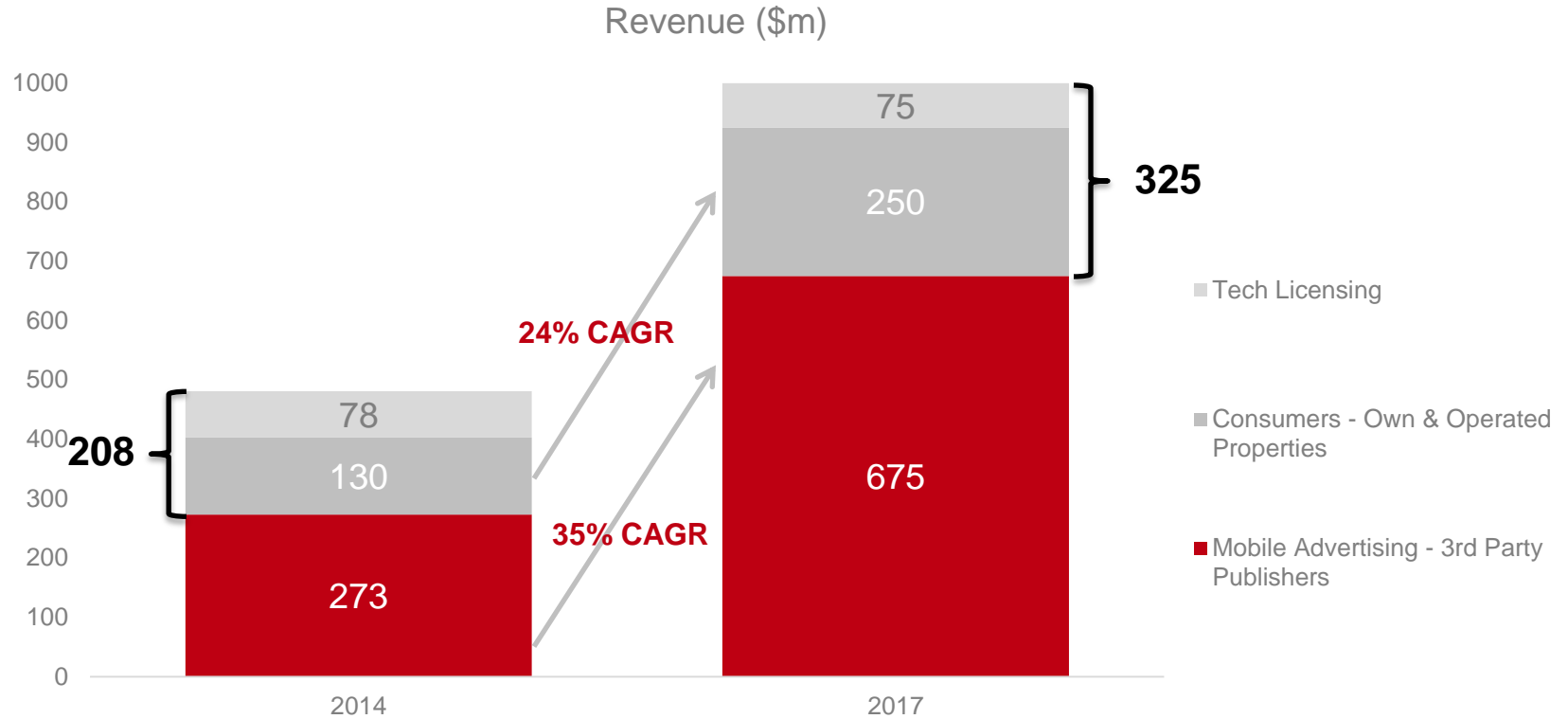
\*\* Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

\*\*\*The Adjusted EBITDA target is based on the revenue split of 32.5% to Consumers - O&O Properties and Tech Licensing and 67.5% to Mobile Advertising. As the two business areas have disparate margin profiles, the actual revenue split between these two areas will be decisive in terms of what the actual Adjusted EBITDA figure will be in 2017

\*\*\*\* This user aspiration is compared to 350 mm MAUs for Opera in 2014.

\*\*\*\*\* Includes Total Opera MAUs (Monthly Active Users)

# 2017 – REVENUE BREAKDOWN BY REVENUE CATEGORY (SIMULATION)\*



\* Assumes FX rates as of March 18<sup>th</sup>, 2015

# 2017 REVENUE DRIVERS & ASSUMPTIONS

## CONSUMERS

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275 mm smartphone browser users by the end of 2017

Mobile browser services ad revenue via increased engagement and ad format mix

Opera Max, SurfEasy and New apps and services (subscription and ad revenue)

Apps and Games

## MOBILE ADVERTISING

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Growth in key Opera markets of 34% CAGR 2014-2017

Goal is to grow with the overall mobile advertising market

Mobile video ad revenue expected to be the key growth driver

## TECH LICENSING

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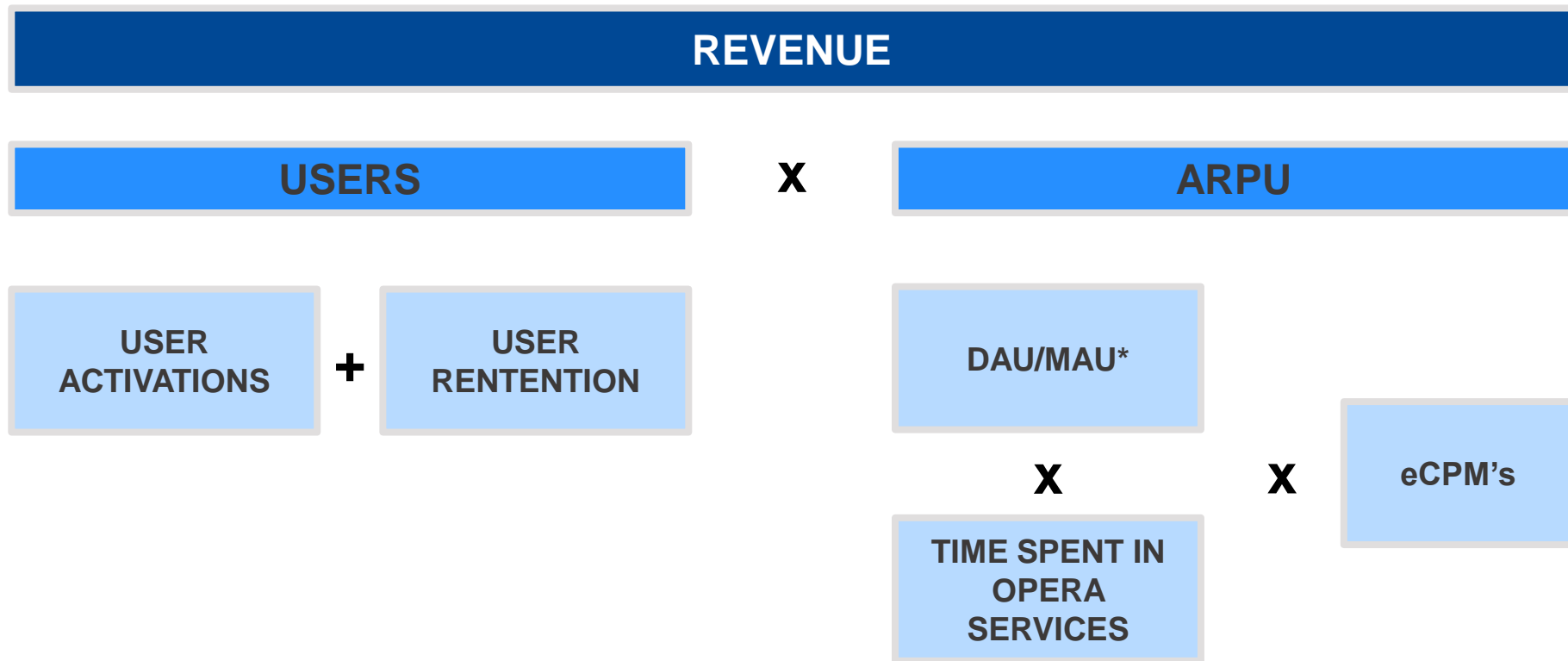
Continued robust licensing revenue compared to 2014

Expect growth in licensing from Connected TV customers

Relatively stable licensing revenue from consumer products to third parties and operators



# KEY REVENUE DRIVERS: MOBILE CONSUMERS (ADVERTISING)



# MOBILE CONSUMER ADVERTISING REVENUE 4Q14 SIMULATION WITH DEC. 2017 REVENUE ASSUMPTIONS

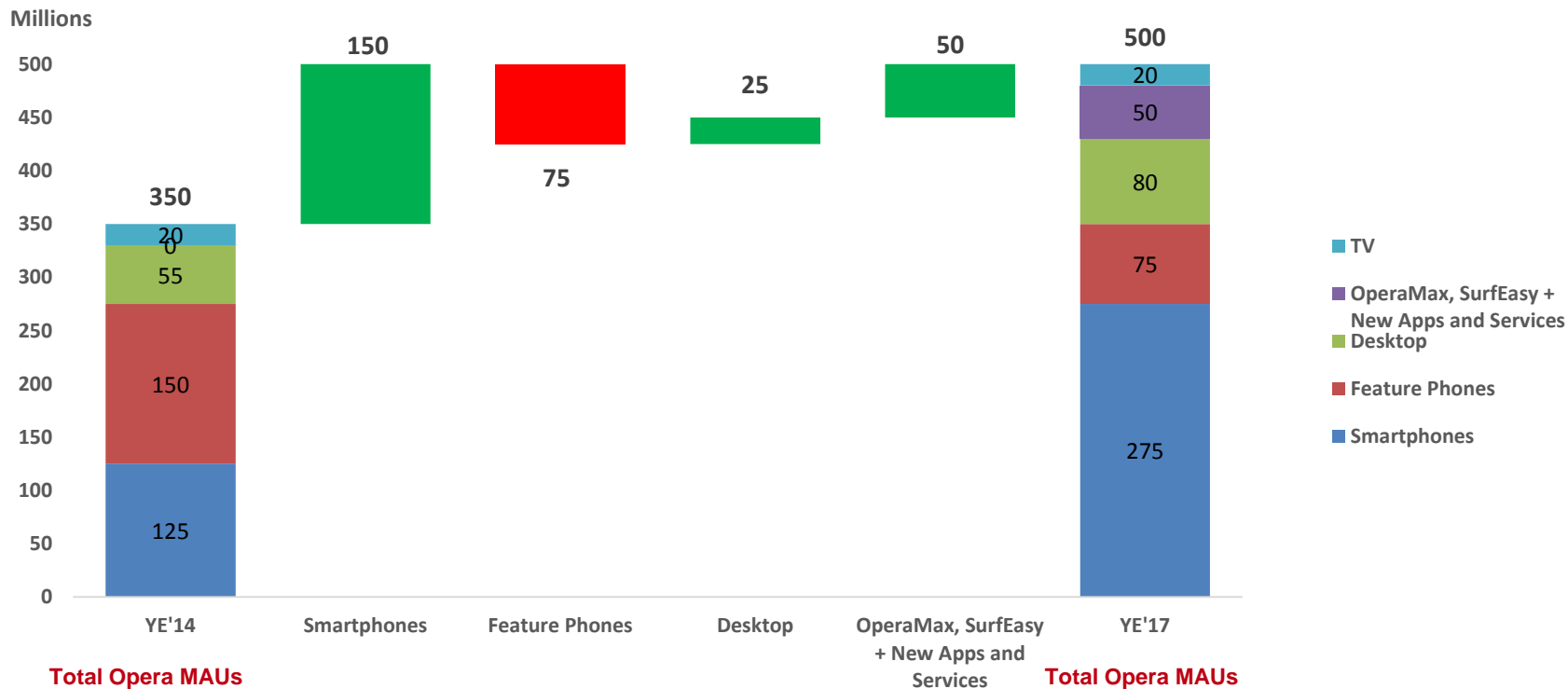
Mobile Consumers		Actuals Q4'14	Pro Forma Q4'14	Contribution Q4'14	
Increased retention	# Smartphone MAUs (Avg., in millions, ex China)	113.1	142.3		
	Retention Rate (2nd Month, Improvement x)	1	1.25		\$1.6
Higher engagement	DAUs/MAUs (Improvement x)	1	1.2		\$1.5
	Engagement (Time Spent x)	1	1.50		\$4.6
Richer ad units	eCPM (Improvement x)	1	1.33		\$4.6
	Ad Unit Mix				
	Static Banner %	98%	90%		
	Rich Ad Units/Video %	2%	10%		
<b>Revenue (\$m)</b>		<b>\$6.1</b>	<b>\$18.4</b>		<b>\$12.3</b>
Annualized Revenue		\$24.4	\$73.7		\$49.3

Reported

Potential

# 2017 CONSUMER USER ASPIRATIONS BY PRODUCT

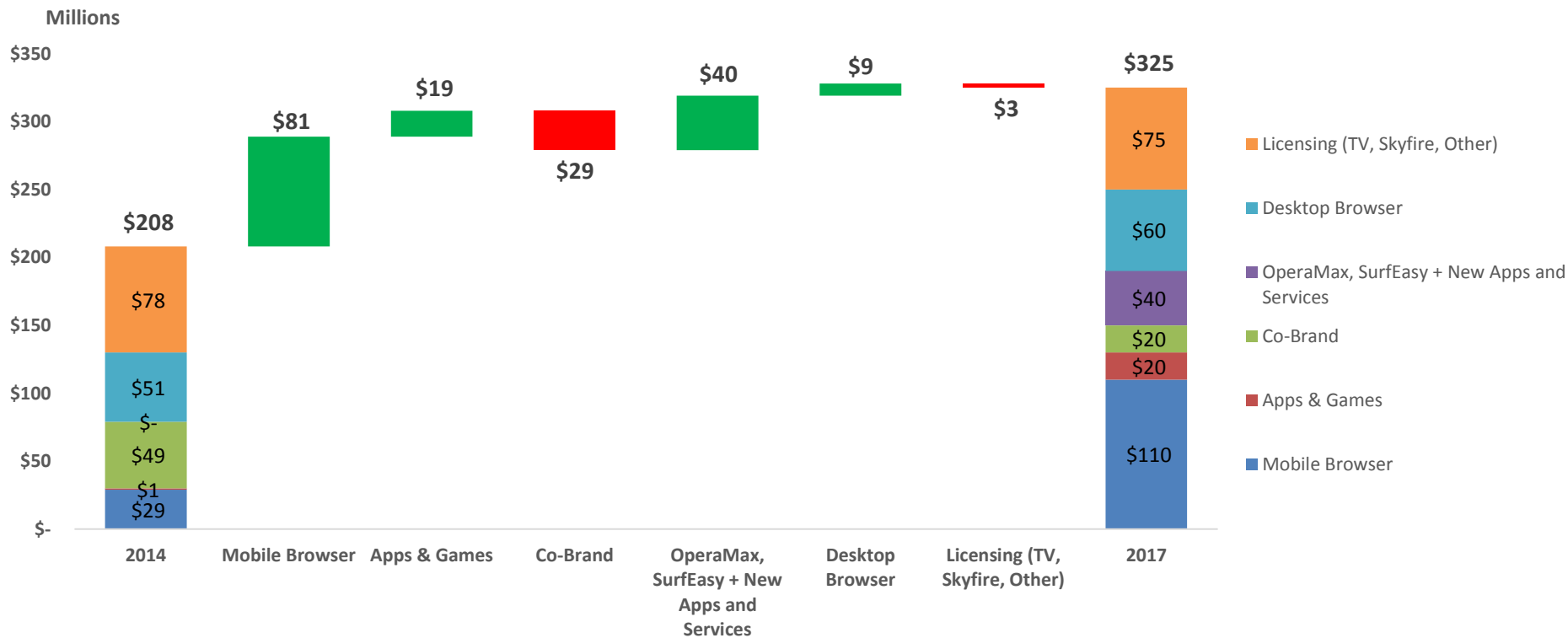
Hypothetical User Growth Simulation: 2014-2017



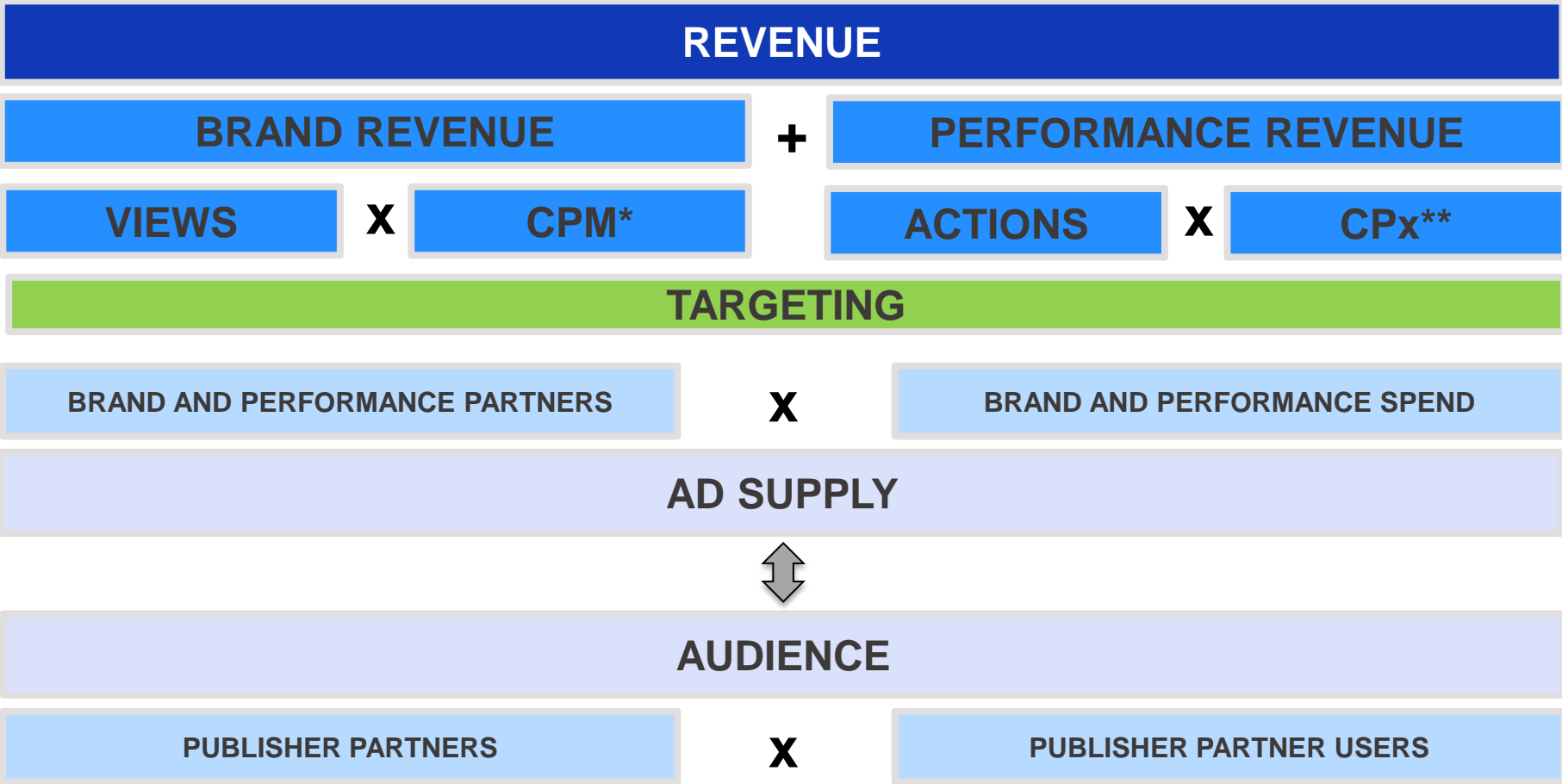
# 2017 CONSUMER REVENUE ASPIRATIONS BY PRODUCT

Hypothetical Revenue Growth Simulation: 2014-2017

Large Increase in More Predictable and User Generated Revenue Streams



# KEY REVENUE DRIVERS: MOBILE ADVERTISING – 3<sup>RD</sup> PARTY PUBLISHERS



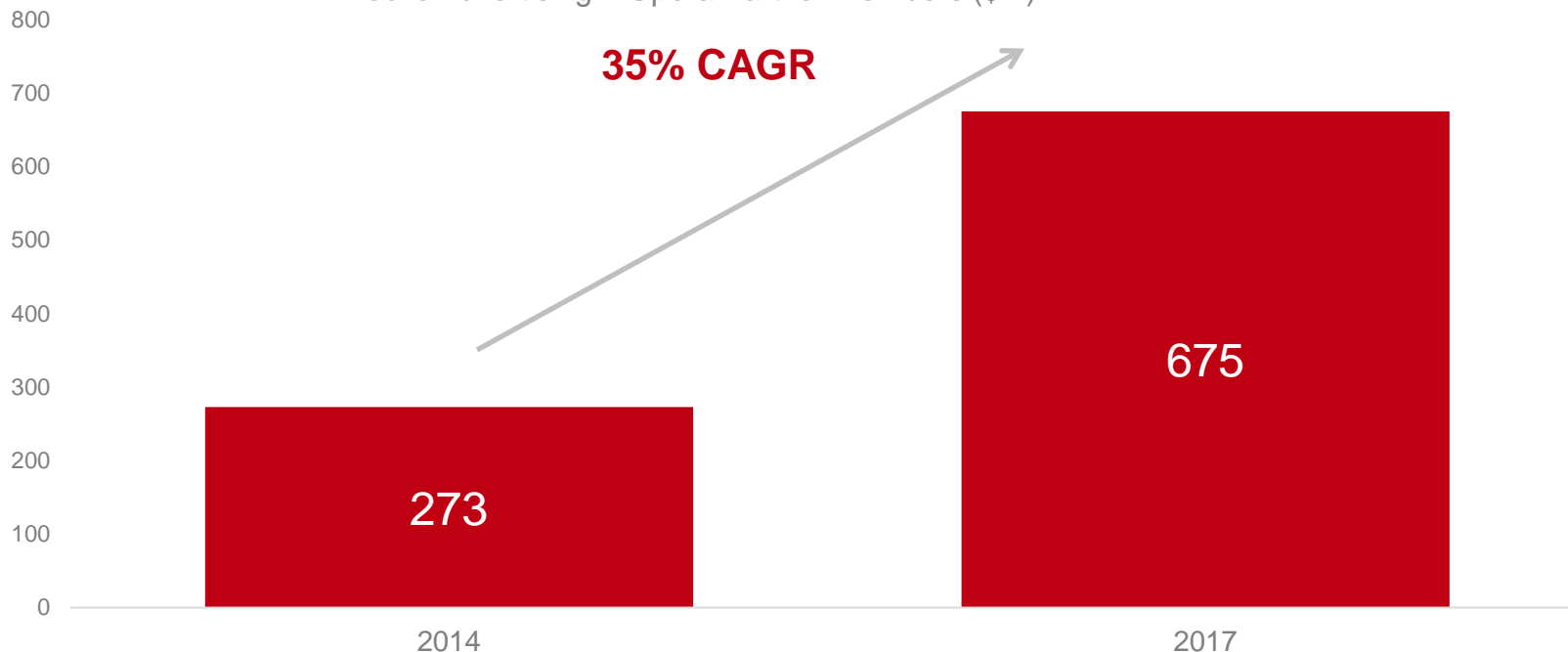
\*Cost Per Thousand Impressions

\*\*Cost Per Action. Could also be priced on a CPC or CPM or CCVV, with a targeted CPx

# 2017 REVENUE ASPIRATIONS - MOBILE ADVERTISING – 3<sup>RD</sup> PARTY PUBLISHERS

Aspiration Implies 35% CAGR versus 2014, at market growth

Mobile Advertising – Opera Partner Members (\$m)



# 2017 ADJ. EBITDA DRIVERS & ASSUMPTIONS

## CONSUMERS – Opera Owned and Operated Properties\*

### GOAL:

Adjusted EBITDA margins in the 35+/-% range for FY2017

### LEVERS:

Profit growth driven by revenue from mobile consumer products in particular, at 100% gross margins

Continued strong investments in R&D

Margins allow for strong investment in variable distribution spend to drive high quality users

Assumes FX rates as of March 2015

# 2017 ADJ. EBITDA DRIVERS & ASSUMPTIONS

## Mobile Advertising – 3<sup>rd</sup> Party Publishers

### GOAL:

Adjusted EBITDA margins in the high teens % range for FY2017

### LEVERS:

Assumes lower gross margins as a result of increasing revenue mix towards programmatic

Lower OPEX as % of revenue via increasing scale and operational efficiency

Continued strong investments in sales, marketing and R&D



# 2017 CASH CONVERSION

## GOAL:

Increase cash conversion compared to 2014 levels

## LEVERS:

Lower DSO's through increased invoicing velocity and improved terms

Lower capex and R&D spend as % of revenue via increasing scale

Tax optimization via our global presence

# **OPERA POSITIONED FOR STRONG GROWTH**

**Massive Audience**

**Large Smartphone User Base**

**Strong Monetization Platform**

**Strong Distribution Platform**

**Proven Track Record of Execution**