



Opera

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Investor Presentation  
December 2018

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- Founded in 1994 with headquarters in Oslo, Norway
- Main development hubs in Poland, China and Sweden
- Over 320 million monthly active users
- Strong revenue growth combined with attractive profitability
- 2018 projected revenue guidance of \$172-176 million (up 33-37% YoY)
- IPO on July 27, 2018; Nasdaq: **OPRA**

*Opera is one of the world's leading browser providers and an influential player in the field of integrated AI-driven digital content discovery and recommendation platforms.*



#### ATTRACTIVE BROWSERS

Browsers with well-demonstrated ability to defend and grow market position.



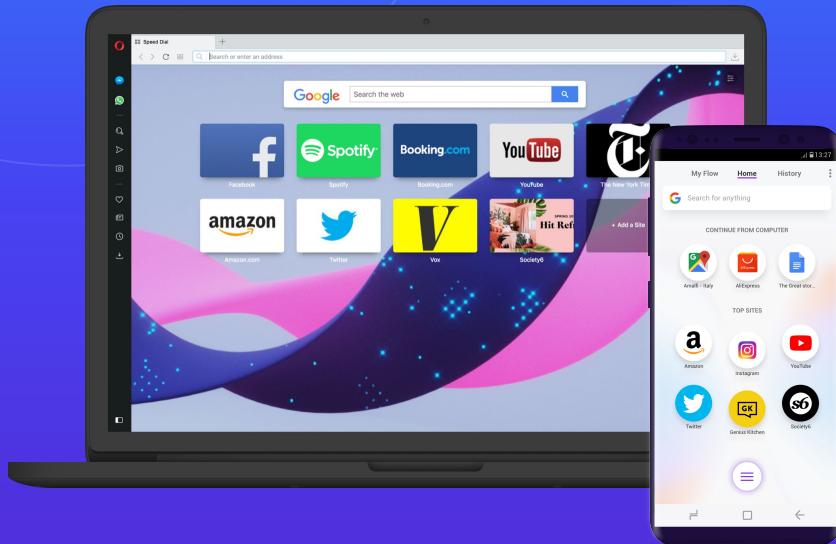
#### EXPANDING AI-DRIVEN CONTENT PLATFORM

Sophisticated, fast-growing content platform that benefits from massive scale and promises substantial new monetization opportunities.



#### STRONG FINANCIAL TRAJECTORY

Attractive revenue growth combined with cost advantages and healthy profitability.



# Opera browsers

The chosen gateway to the web  
for **over 300 million people.**

# The browser is the most popular access point to the web

**6B**

## USERS ON THE INTERNET

Today the internet is used by more than 4 billion people on their phones and over 2 billion people on their PCs.

**97.3%**

## USE WEB BROWSERS ON THEIR DEVICES

Near-all internet users are also browser users. On PC the usage is ~100%, while, according to Statista 2018, browsers are used by 97.3% of Americans on their online mobile devices.

**1B+**

## CHOOSE NON-SYSTEM DEFAULT BROWSERS

About 20% of internet users choose to use another browser than the system default, creating an addressable market of more than one billion users for an independent player like Opera.

# Opera browsers

*Platform availability and top features*



 Opera Mini



 Opera for Android



 Opera for computers



 Opera Touch

Popular browser in  
Africa, South Asia and SEA

Feature-rich browser tailored  
for high-end Android devices

Feature-rich with more  
than 70% of users in Europe

Award winning, new companion  
browser to Opera for computers

## Available On

Feature Phones  
Android  
iOS

Android Smartphones  
Android Tablets

Windows  
macOS  
Linux

Android  
iOS

## Top Features

Small Size  
Extreme Data Saving

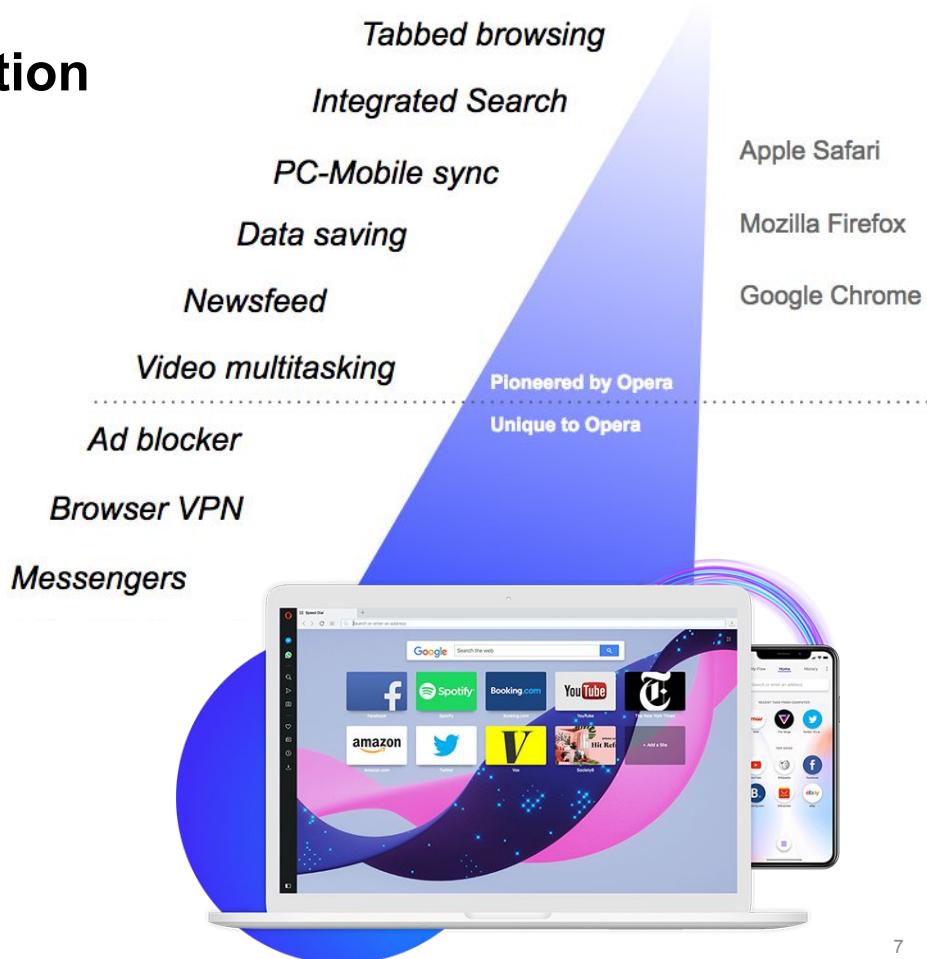
Ad Blocker  
Download Manager  
Crypto Wallet

Browser VPN  
Ad Blocker  
Messengers

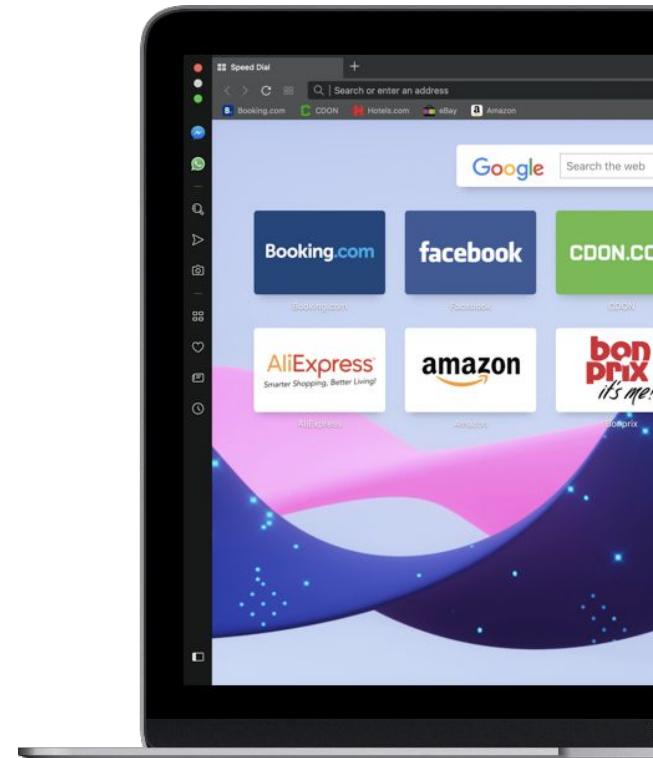
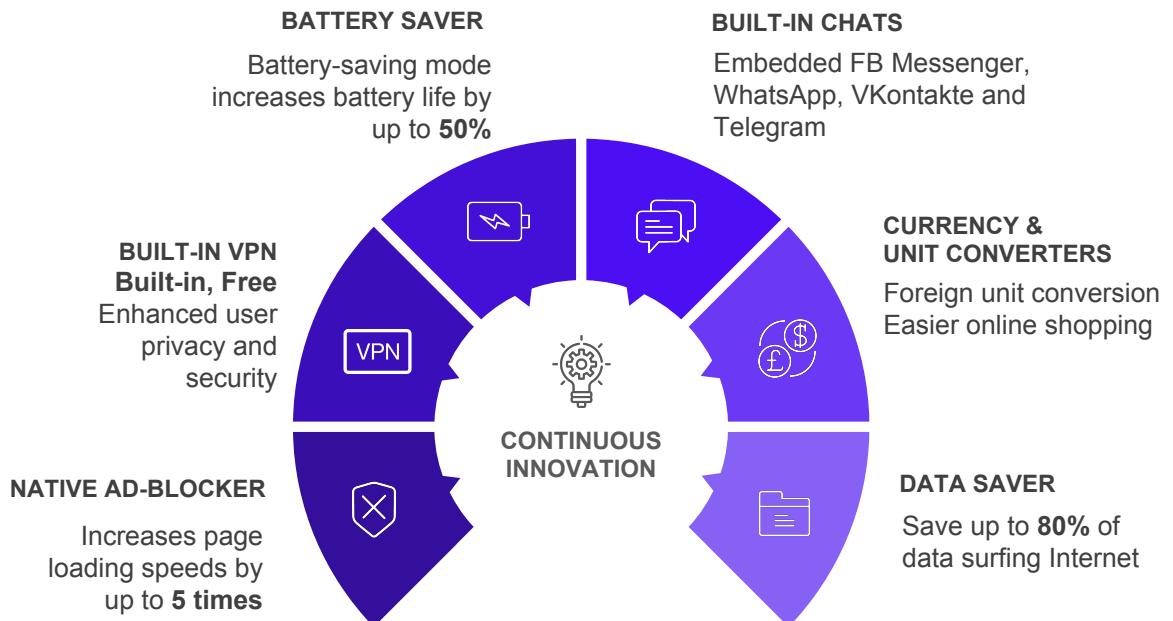
Flow  
Continue from Desktop

# A history of continuous innovation

- The web is continuously evolving with increasing demands for web browser functionality.
- Opera has pioneered most concepts found in the major browsers today, and we continue to introduce unique features, often several years ahead of the competition.
- Providing unique and tailored functionality for various markets and segments delivers strong organic distribution and brand equity.



# Examples: Differentiating features in Opera for Computers



# Established global internet brand

*Massive and engaged audience*

- More than **50% brand awareness** among smartphone users in SEA and Africa
- Among top **30** publishers globally on Google Play in terms of app downloads last three years.
- **17.3m** followers across social media channels, such as Twitter and Facebook as of October 2018.
- **29,600** news articles from independent media globally about Opera in 2017



*"Browser company Opera is back doing what it does best, offering you beautifully designed alternatives to the stock browsers from the likes of Google and Apple."*

**- Jon Russel, TechCrunch Oct 2018**

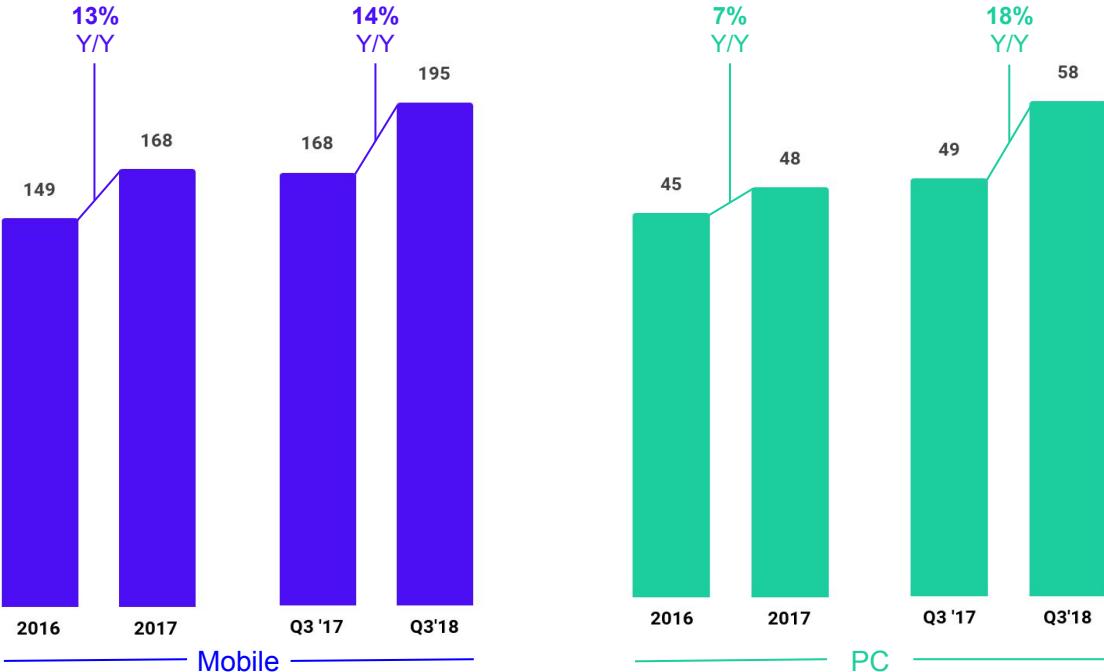
# Healthy user growth

*Fueled by product innovation and a strong brand, paired with close OEM relationships*

	TRAFFIC ACQUISITION CHANNELS	TRAFFIC CONTRIBUTION (%)	COST OF ACQUISITION
Organic	  Opera Mini  Opera for Android  Opera Desktop	<b>62%</b> New smartphone users	None
Mobile device manufacturers	 HUAWEI   TRANSSION HOLDINGS  oppo  mi	<b>31%</b> New smartphone users	Scalable business model based on activation of pre-installed apps
Paid online promotions	  Google AdWords  Audience Network	<b>7%</b> New smartphone users	High brand awareness  High conversion  Low CPIs

# Continued growth of smartphone and PC users

Period average Monthly Active Users; millions

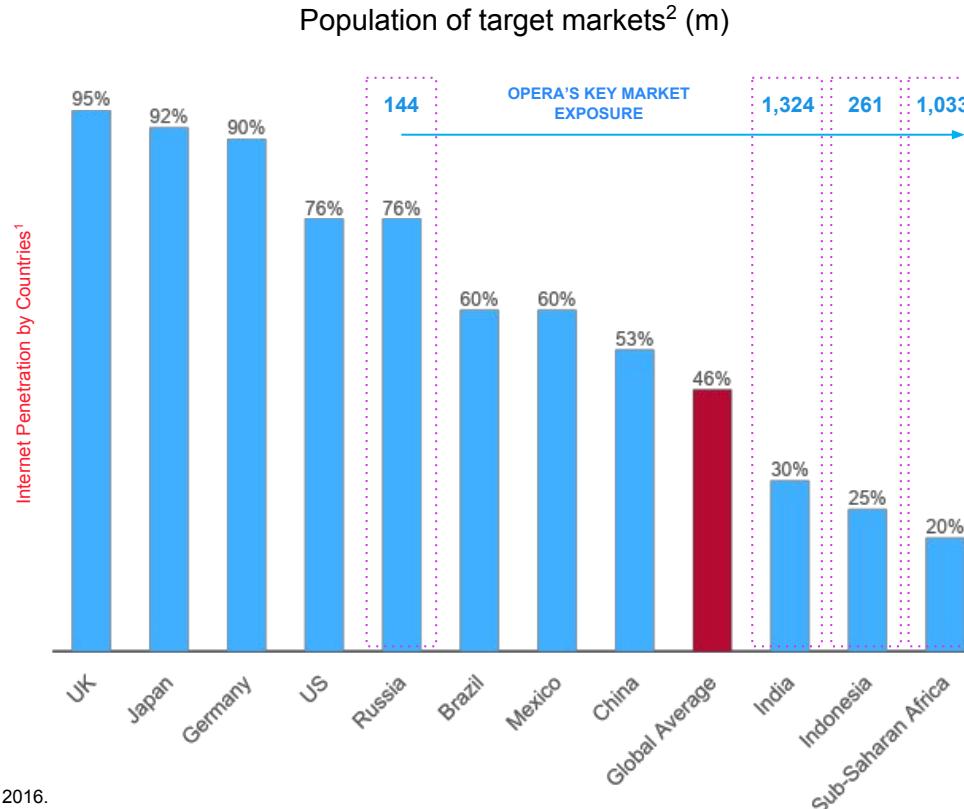


Opera is substantially outgrowing the market on PC with 18% growth over the past year, including high value markets such as:

- Germany (+13%)
- United States (+13%)
- France (+19%)

As the emerging mobile-first markets of Africa and South / South East Asia matures, Opera continues to add smartphone users while the market share of native OS browsers is normalizing

# Attractive growth in Opera's key mobile markets



Source: World Bank

1. Individuals using the internet % of population as of 2016.

2. Population as of 2016.

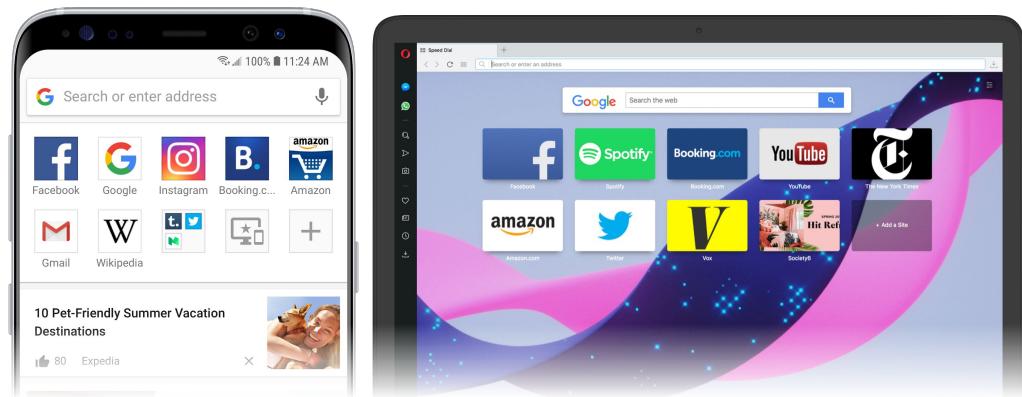
3. Population for selected Sub-Saharan Africa countries: Nigeria 186m, South Africa 56m, Tanzania 56m, Ghana 28m.

# Monetizing a browser

*Proven and fully scalable user-monetization model*

**Search:** Directing search queries initiated from the URL-bar or designated search boxes to our search partners that in turn share a portion of their monetization.

**Advertising:** Within the ‘classic’ browser functionality, based on promoting partners’ websites in exchange for a revenue share, CPC or fixed pricing model.



# Strong partner framework

## SEARCH & SOCIAL



YAHOO!

## AD NETWORKS



Batmobi

## E-COMMERCE & TRAVEL



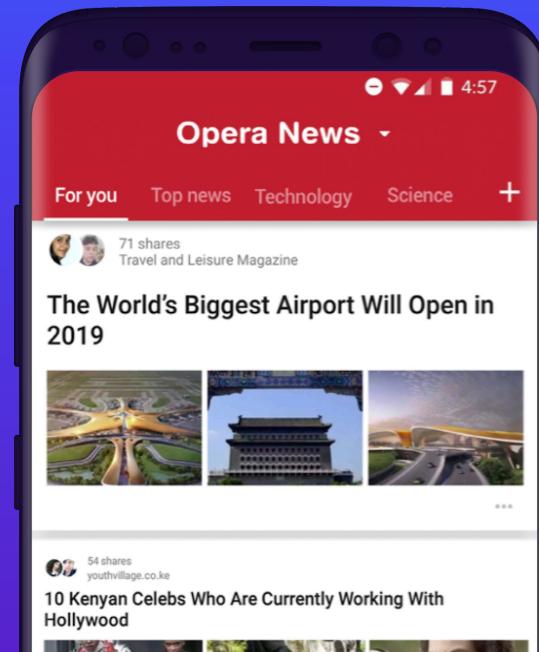
tokopedia

## CONTENT



# Opera News

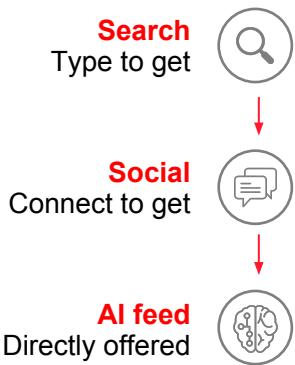
## A leading AI-driven content platform



# Opera News: An AI-powered content distribution platform

*Enables global internet users to discover and access digital content in an extremely easy and personalized manner*

## The evolution of content discovery



## User profiling

AI enables more accurate user profiling from processing big data



## Personalized content

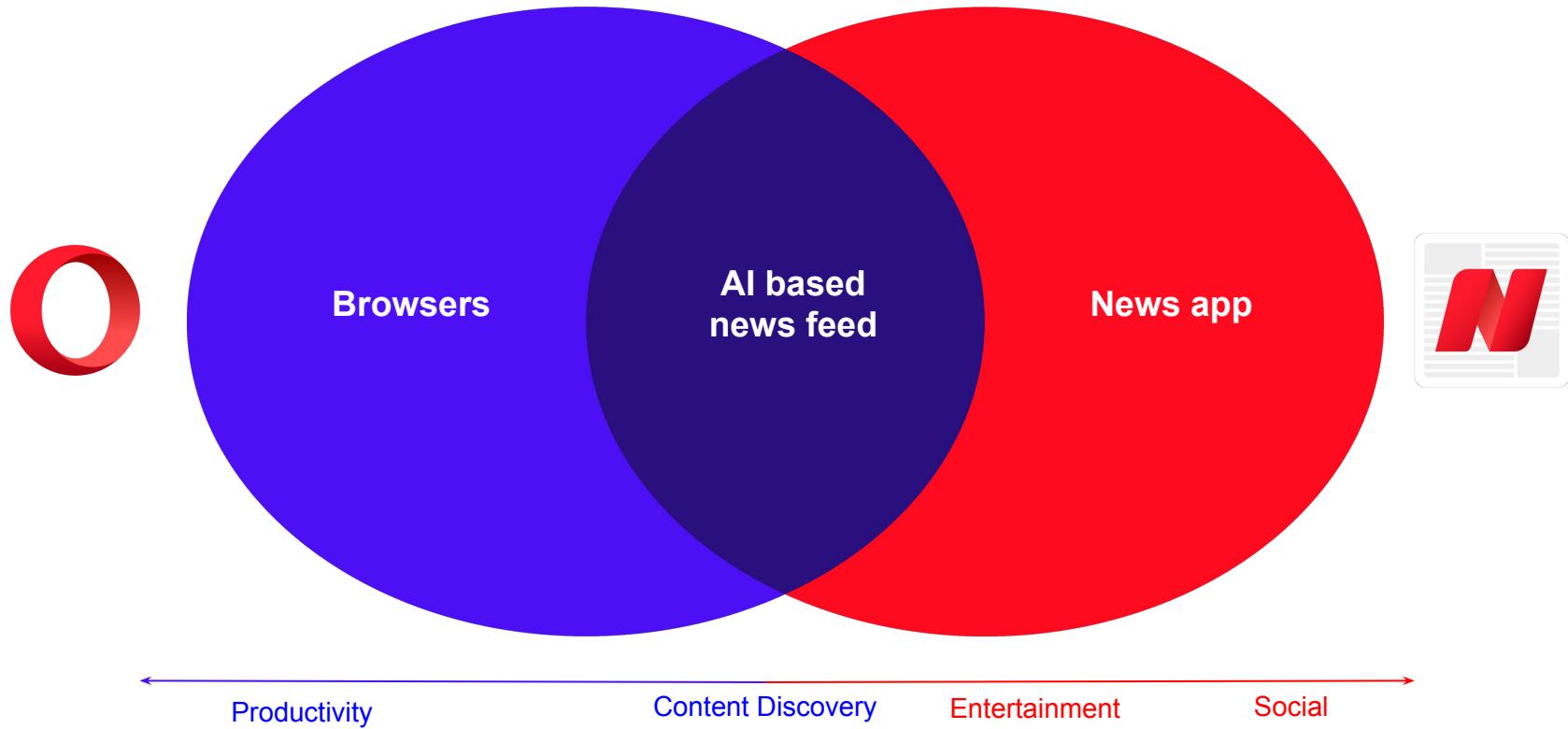
Leveraging AI technology to provide highly curated content that is customized to each user's own interests



## Community & social network

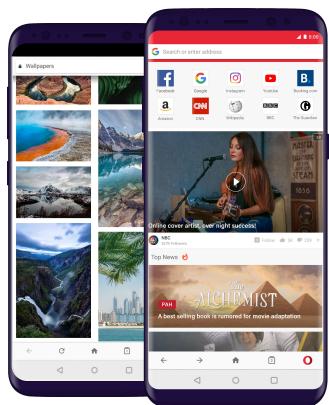
Form user communities and establish social connections based on common interests

# Expansion into content discovery, entertainment & social media

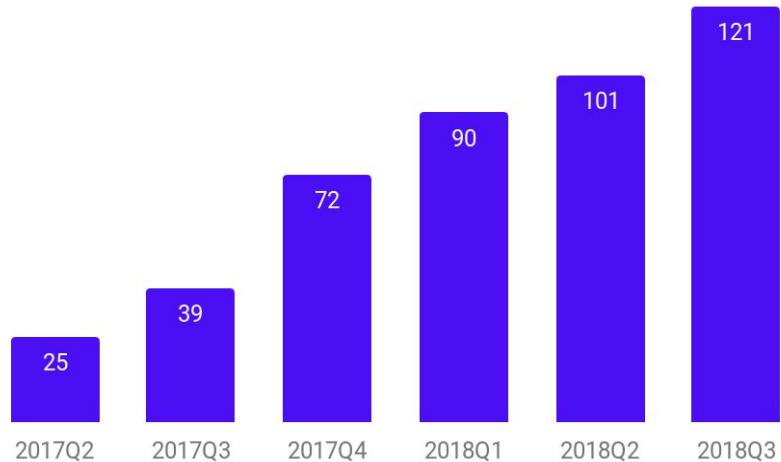


# Launched in Q1'17, Opera News currently exceeds 120 million users

*Strong user growth supported by both adoption among browser users and dedicated app*

 Opera Opera Mini Opera News

Opera News quarter-average MAUs; millions



# Opera News

*Focused in massive, complex & underserved markets*

1 Focus on

**Sub-Saharan Africa**

2

**SEA & South Asia**

3

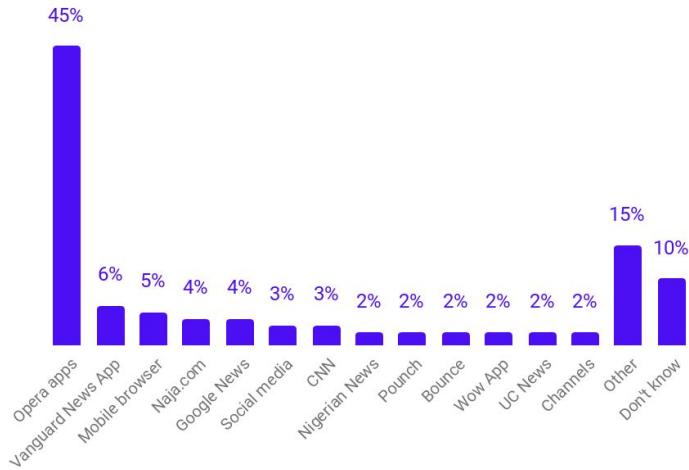
**Rest of  
EMEA Markets**



**#1 News App in 10 African countries**  
including Nigeria, Kenya, South Africa,  
Ghana and Tanzania. Ranked top #5  
in 32 markets

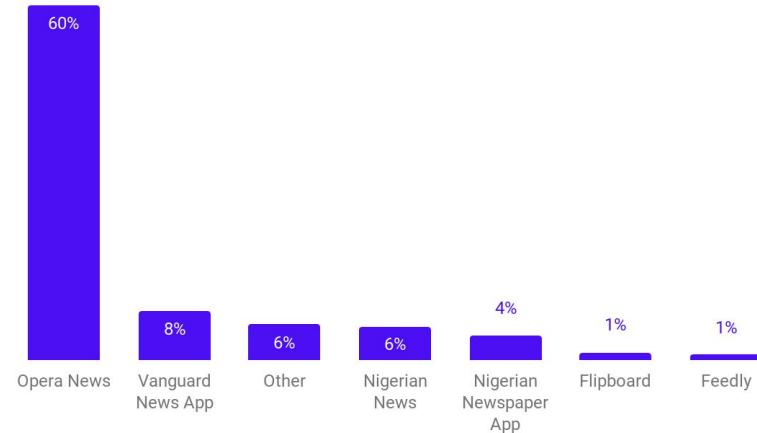
# Deep dive: Opera News is the most popular and widely used news app in Nigeria

Unaided brand recognition Nigeria



*When you think of news apps, which news apps come to mind?*

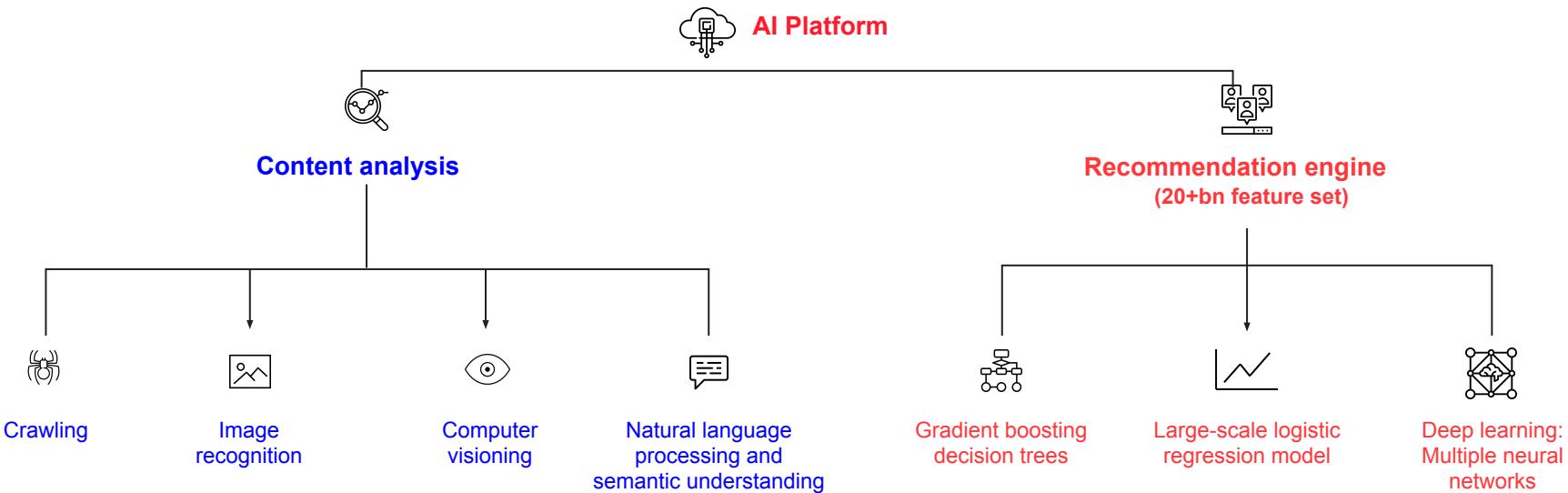
Most often used news app in Nigeria



*Which news app do you most often use on your phone?*

# Opera News

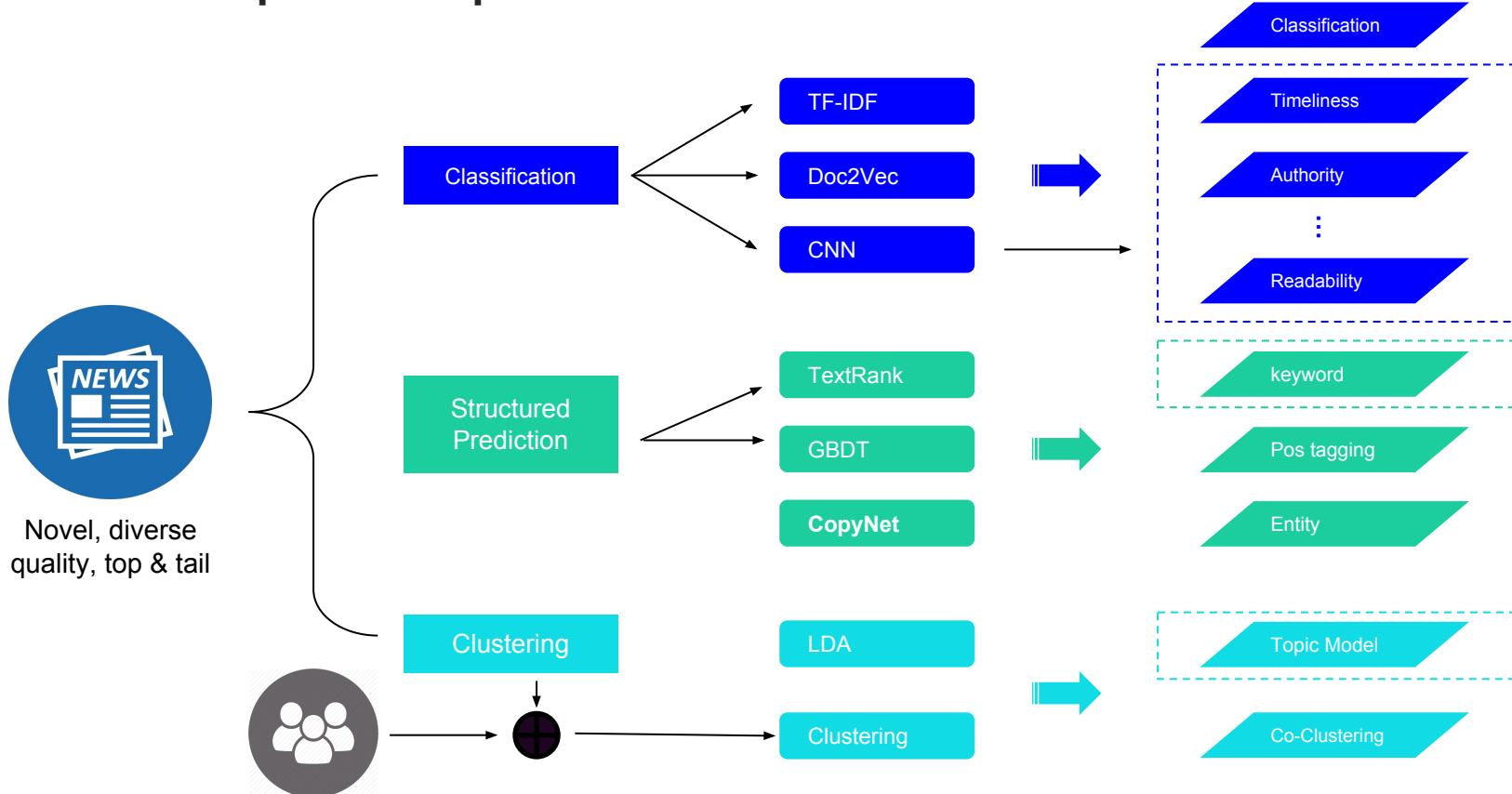
*Supported by sophisticated and proprietary AI technology*



Analyze, sort, extract, classify, process and better understand news content across relevant local languages

Predict clicks of a user to a certain news article to decide the ranking of news article recommendations for such user

# Case Study: Pairing a semantic understanding of content and users to optimize experience

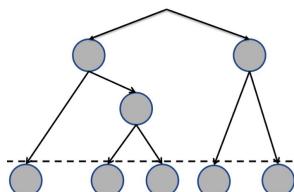


# Algorithm complexity

25B LR/FM/DNN Model

## Dense features

GBDT model

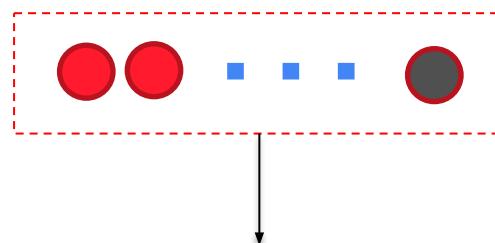


## 2<sup>nd</sup> : Large Scale LR

- Training data: 30+ Billion
- Input features: 25 Billion

Large Scale Discrete LR Model  
(20B)

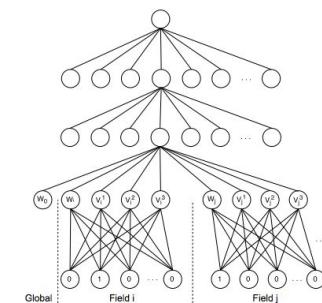
1<sup>st</sup> generation: GBDT



## 3<sup>rd</sup> : FM/DNN

- Raw user behavior
- Learned embedding

FM + DNN model

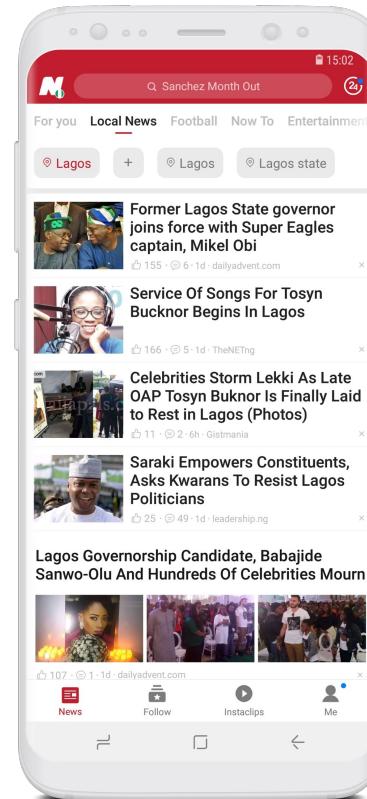
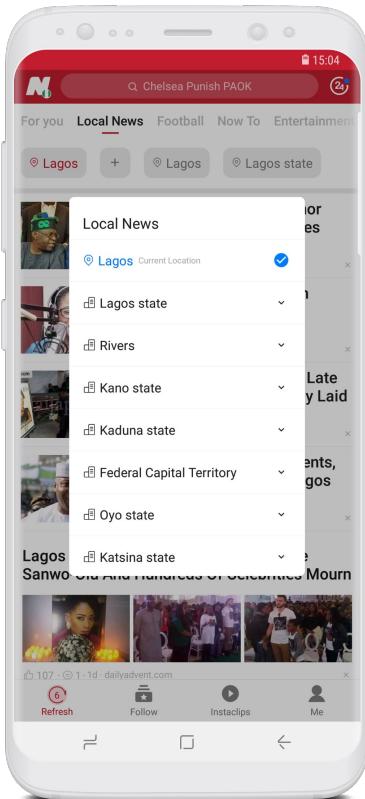


Prediction Score Ensemble

# Strengthening algorithms with supervised learning

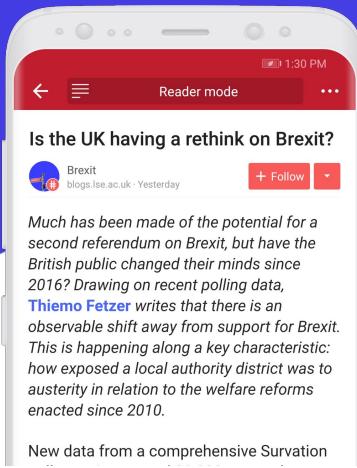
*Increasing quality of local content discovery*

- Establishing «AI supervision teams» in key markets to further strengthen local competitiveness
- AI training in local language (supervised learning based algorithm)
- Machine-assisted article creation to summarize trending topics
- New-user flow to optimize first experience and accelerate learning

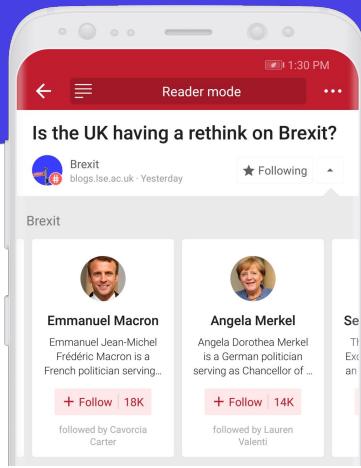


# Investing in enhanced user profiling

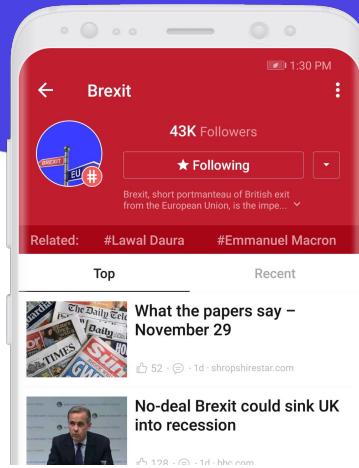
*Platform identifies context and allows user interest input*



**AI-produced hashtag hierarchies associated with articles**



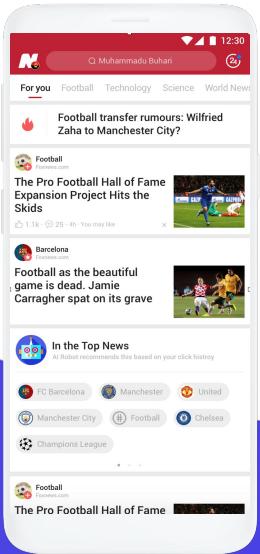
**Machine interpretation of related hashtags are displayed and allows user drilling down to specific interests**



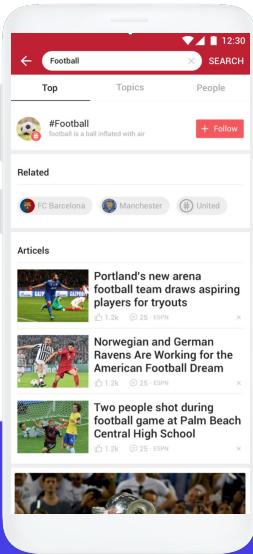
**Benefits continuous learning for the AI engine and accelerates quality for new users**

**Collected user interest points have increased by ~50%**

# Users directly manage topics of interest

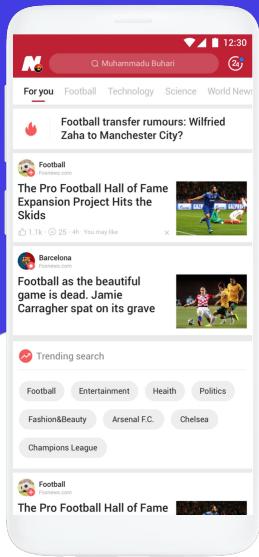


Topic recommendations  
in the front page

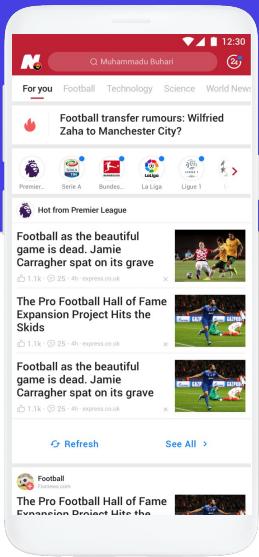


Enable topic in search  
result

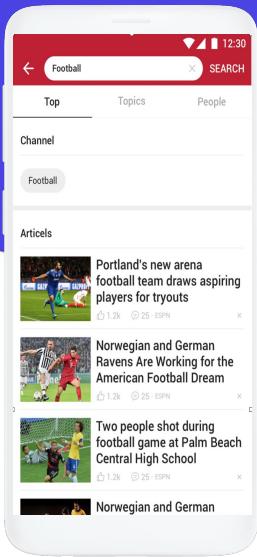
# Encouraging users to dive deeper on topics of interest



Trending Search

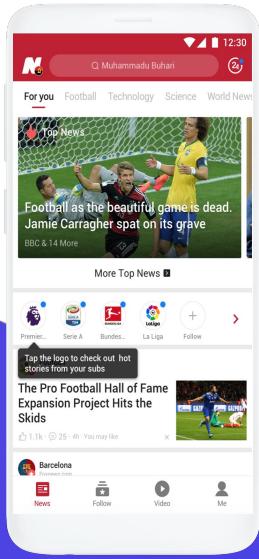


Similar search result  
prompt

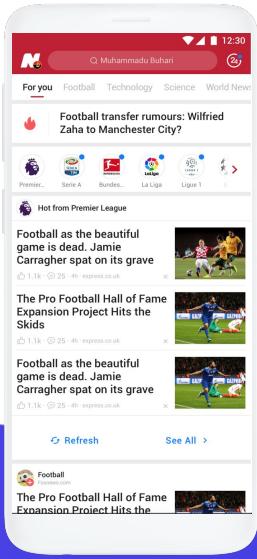


Channel distribution  
embedded

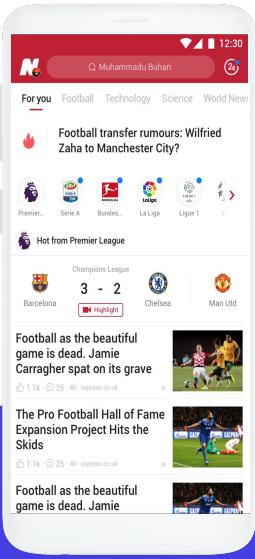
# Other product features enhancing user engagement



Prompt to user to add interest



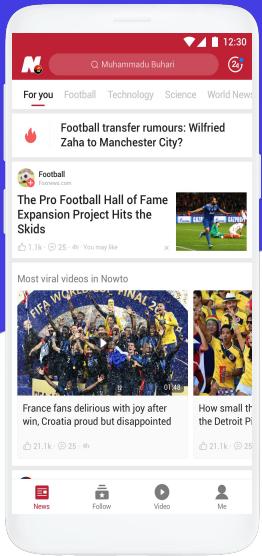
Refresh inside feed for continuous updates on subscribed content



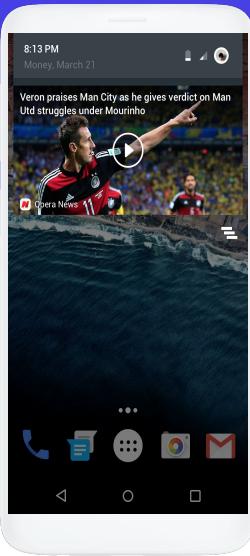
Score notifications tied with subscriptions

# Video as engagement driver

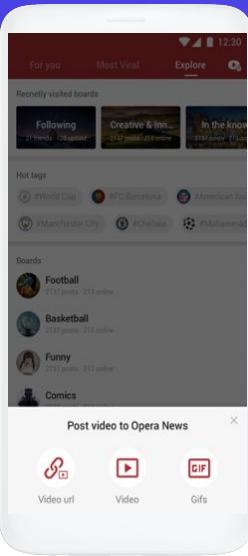
*Short-form video fully launched within fourth quarter*



**Short-form video integrated in the feed and on device's home page**



**Deeply connected with user interests and broader content library**

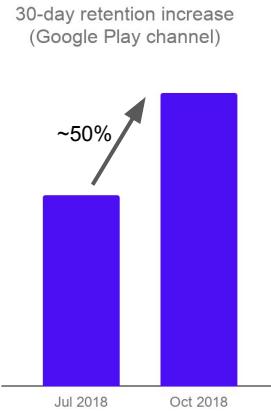


**Paired with viral trends and expansion of social dimension**

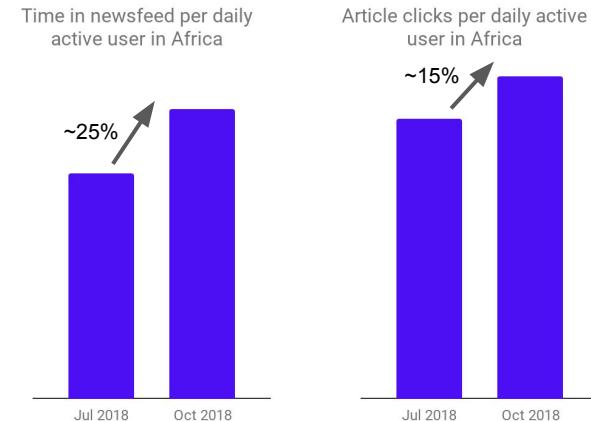
# KPIs quantify favorable reception of product investments

*Continued strengthening of retention and engagement*

## Strong correlation between product improvements and retention



## Increasing engagement



## Dedicated Opera News app demonstrating additional strength

Nigeria example: Opera News app users view 64% more article summary impressions, and click 100% more articles versus News users within browsers.

# Substantial monetization opportunities with introduction of content and native advertising units



Massive addition of new inventory



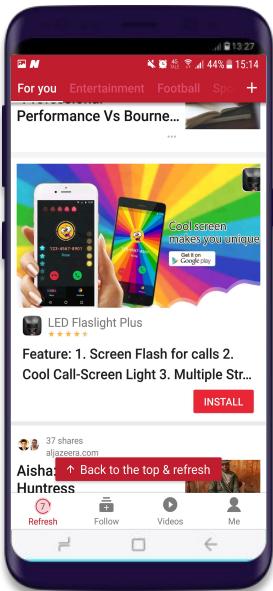
Access to broadened set of advertising partners



Longer time spent on our platform



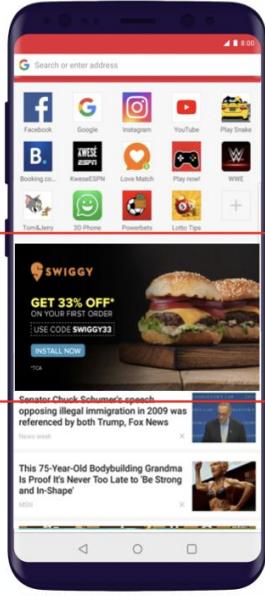
Individual targeting



*In-feed native ads*



*Roadblocks*

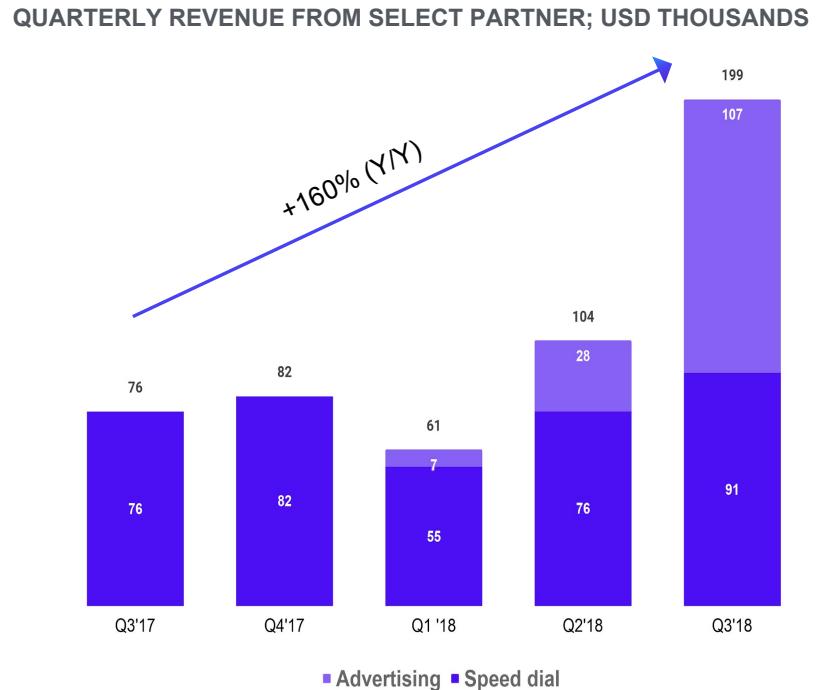


*Interstitials*

# Impact of new inventory

Case study: Indonesian e-commerce partner

- Ability to serve native ads in content feed, combined with browser-integrated access points, is highly attractive to e-commerce partners
- Case impact: 160% YoY revenue increase following introduction of new advertising inventory



# Strong content platform positioning with multiple competitive advantages

## Immediate impact of monetization & distribution partners

Monetization & partner relationships require development over years

## Strong user adoption and engagement

As the first mover into African markets, Opera News already holds a strong market position

## “Best of Breed” News product

As the first mover into African markets, Opera News is well protected and positioned by the multiple “moats”

**Growing resources & scale**  
Effective traffic acquisition helps to maintain and grow user base



## Strong and engaged user base across target markets

322m<sup>1</sup> MAUs user base is the foundation for data and monetization

## Massive user behavior/ preference data

Big data is needed for user profiling and content analysis

## Fine-tuned AI engine

Know-how of AI to provide personalized user experience



# Financial Overview

# Revenue growth driven by advertising and search

## Advertising

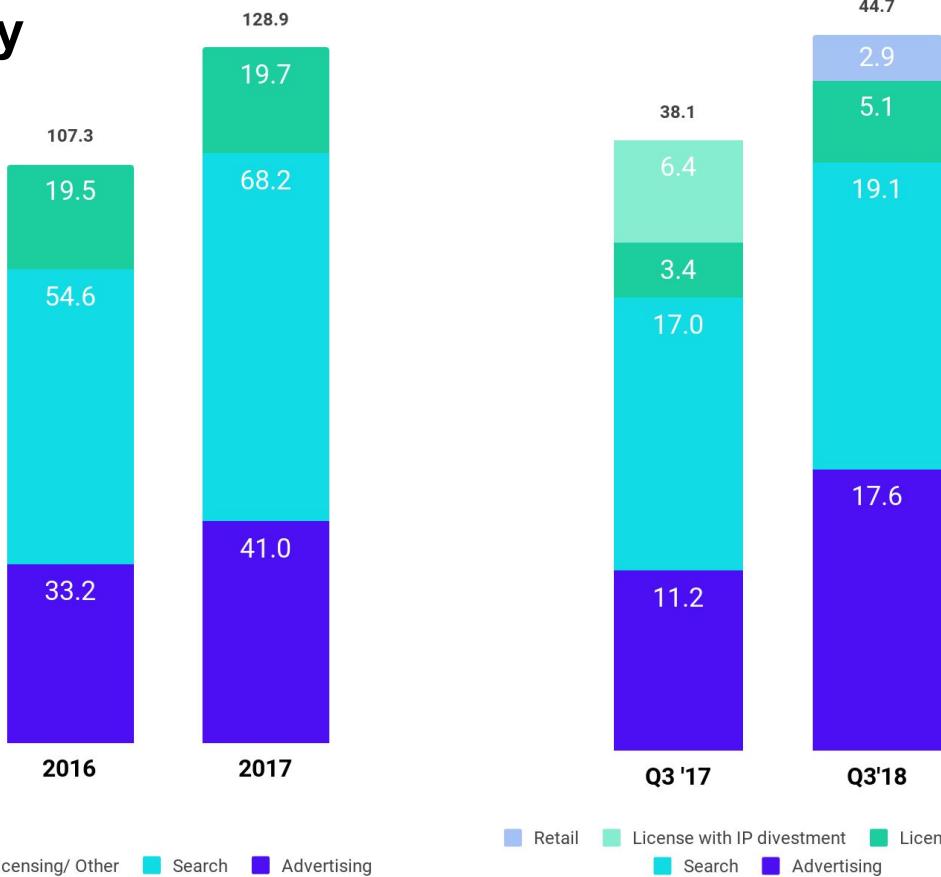
- '16 to '17: +23.7%
- Q3 YoY: +56.8%

## Search

- '16 to '17: +25.0%
- Q3 YoY: +12.3%  
(~14% net of FX)

## Licensing

- '16 to '17: +0.6%
- Q3 YoY: -48.0%

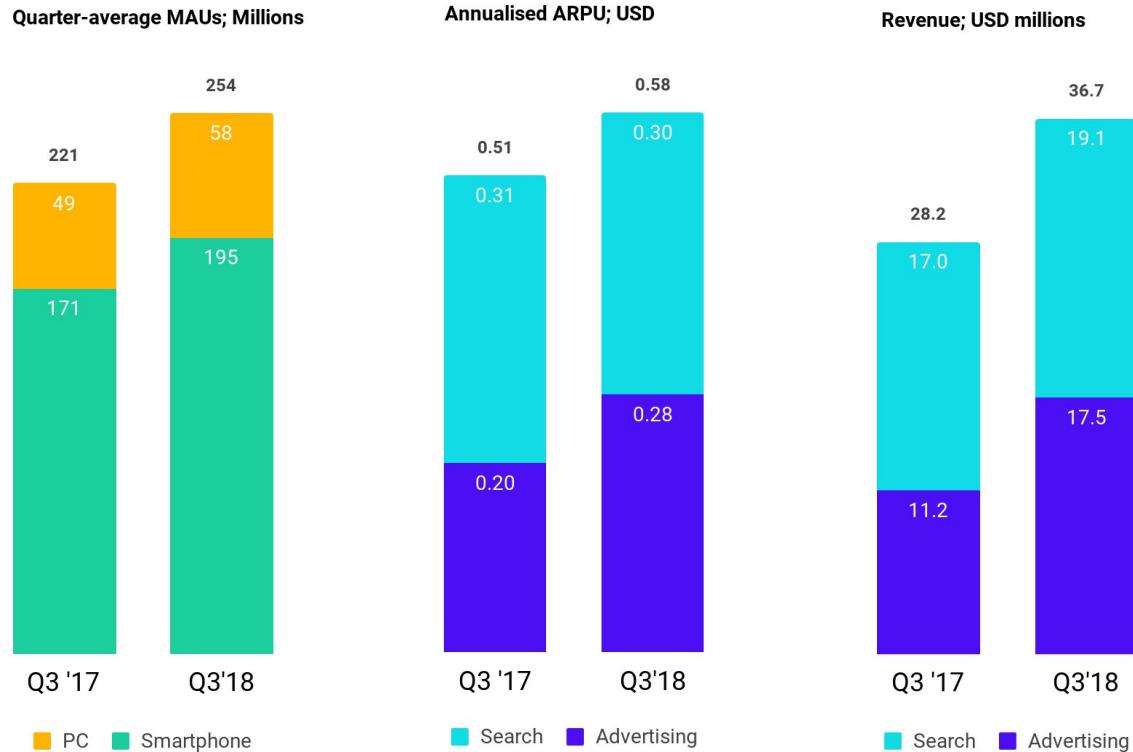


# Search and advertising revenue drivers

Both user- and ARPU-driven growth

## Total user-driven revenues +30.0%

- Users +14.9%
- Blended ARPU +13.1%



## Advertising revenue +56.8%

- ARPU +36.5%, all of which driven by mobile revenues

## Search revenue +12.3% (~14.4% net of FX)

- ARPU -2.3% (~0% excl. FX), with mobile flat and PC slightly negative on the back of strong user growth

# Multiple levers to drive ARPU growth



GROWING USER  
ENGAGEMENT &  
SESSION TIMES



CONTROL OVER

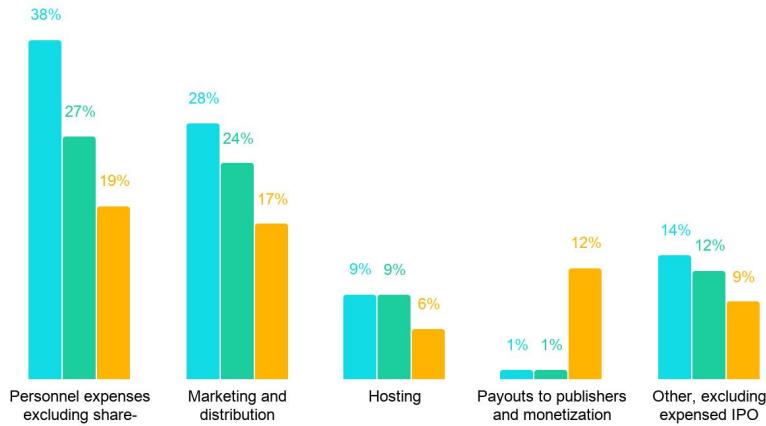
- Advertising load
- Advertising unit formats
- eCPM optimization



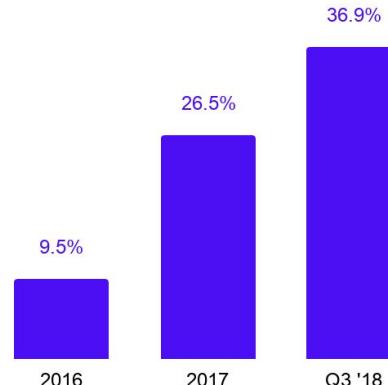
PROMISING  
UNDERLYING  
MACRO TRENDS

# Scalable profitability with efficient underlying cost structure

Cost included in adjusted EBITDA; Percentage of operating revenue



Adjusted EBITDA margin



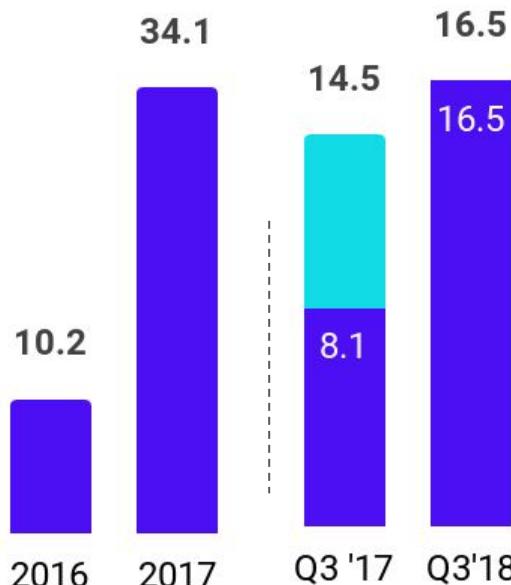
Cost advantages in compensation (non-US), marketing (strong brand) and hosting (in-house at scale), combined with a scalable business model, has resulted in strong profitability growth

Payouts to publishers & monetization partners driven by broadening user monetization and new retail revenue stream

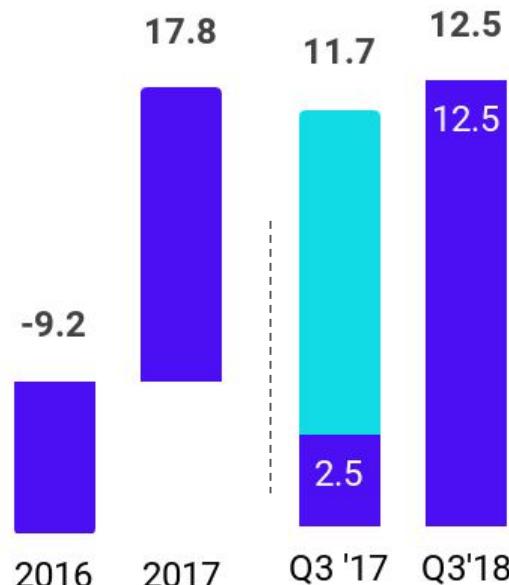
# Profitability and margin expansion

*Balancing investments in growth with profitability*

Adjusted EBITDA; \$ millions



Adjusted net income; \$ millions



## Adj. EBITDA margin

- 2016: 9.5%
- 2017: 26.5%
- 2018 Q3: 36.9%

*Target model: 45-55%*

## Adj. net income margin

- 2016: -8.6%
- 2017: 13.8%
- 2018 YTD: 28.0%

*Target model: 35-45%*

*Lighter area: Adjusting Q3'17 for impact of \$5.5m other income from IP divestment  
(adj. net income only) and \$6.4 million from associated licensing deal (both metrics), net of tax*

# Compelling growth drivers

## NEW PRODUCT INNOVATION

More products & more content formats



- Broadening product portfolio
- Increased video and music content



Opera Touch



Opera News

## ENHANCED AI CAPABILITIES

Self-improving AI platform



- Categorization, content discovery, & recommendation
- User retention
- Higher time-spend

## GROWING MONETIZATION

Extensive monetization opportunities



Early stage of capturing advertising potential on content offering



New content verticals to drive engagement and introduce new ad formats



Exploring new initiatives such as investments into payment and games

## EXPANDING PARTNERSHIPS

Opera as an attractive partner to variety of other players in the ecosystem

- Expanding local media partnerships
- New wave of Android OEMs entering Africa and Europe
- Growth of potential advertising partners

# Opera highlights



**Established global Internet brand with more than 300 Million MAUs across differentiated products**



**Fast growing AI-recommendation platform with expanding content and over 120 million MAUs**



**At-scale and cost effective distribution with established partners**



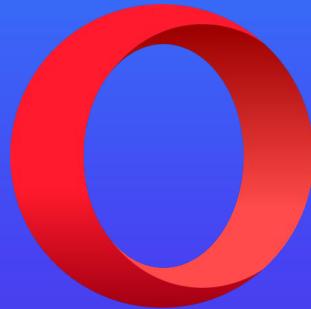
**Proven monetization model with strong traffic growth and user adoption**



**Profitable growth with strong Innovation and big-data insights**



**Global and visionary leadership**



Opera

Thank You