

Interim report January–March 2013



The first quarter

- Net sales increased by 11 percent during the first quarter to SEK 982 M (881). Net sales increased by 16 percent in local currencies.
- Operating profit increased to SEK 89 M (79), which corresponds to an operating margin of 9.1 percent (9.0).
- Profit after tax amounted to SEK 66 M (57).
- Earnings per share amounted to SEK 0.95 (0.82).

A cautious start to the year

Uncertainty in the global economy continues to affect the growth rate for network video. Market growth during the first quarter essentially remained at the same level as the end of 2012. Sales increased by 11 percent during the period to SEK 982 M. Growth in local currencies was 16 percent. We continue to see a great need for surveillance solutions and interest in network video is still growing. During the period, we saw a positive trend in the number of project inquiries compared to the previous quarter.

Axis has continued to strengthen its position in the network video market during the period by focusing on product releases, collaboration with partners and expansion. During the quarter, the world's smallest HDTV network camera was unveiled while several improved versions of existing models were released. We are continuing to invest in training and our certification programme is being rolled out in new markets around the world. It is particularly gratifying that we are continuing to see increasing interest in AXIS Camera Companion, which targets the important customer segment for smaller installations.

Axis has a strong financial position and is continuing to invest for future growth and expansion. It is still difficult to judge the market trend, but the underlying demand and the ongoing technology shift mean that good potential exists for a continued positive development in network video. Our new vision and mission clearly emphasize our ambition – to continue to develop new innovative products and strengthen our position as market leader in network video.



Ray Mauritsson
President



Events during the first quarter

Cautious market

The macroeconomic uncertainty continues to contribute to a slightly lower growth level for network cameras. Meanwhile, a positive trend is evident in the number of project inquiries. Axis' growth during the first quarter was estimated to have been in line with the global market as a whole.

High rate of innovation

A number of new solutions were introduced in the market during the first quarter. AXIS M2014-E was released in March and is the world's smallest bullet-style HDTV network camera. The camera supports motion detection and enables activation of alarm or access control systems. Owing to its size and unique design concept featuring a main unit and a separate camera unit, it provides maximum flexibility in areas where it was not previously possible to have a camera with such high image quality. The product is ideal for surveillance in retail stores, boutiques, hotels and smaller offices.

The introduction of AXIS M1004-W broadens the offering towards smaller installations. The camera is extremely easy to install and supports wireless networks. The solution enables system integrators to shorten installation times and offer end customers secure surveillance systems in areas where Wi-Fi is available. Through its compatibility with AXIS Camera Companion and AXIS Video Hosting System, the camera is very well-suited for small stores, offices and residential surveillance where price and user-friendliness are key factors.

AXIS M50-V is mainly targeted towards customers in the transport and education segments. Thanks to a vandal-resistant design and 360° overview surveillance, the network camera functions as an effective tool for preventing and protecting against vandalism and crime in public places.

Continued global expansion

During the period, the number of employees increased by 67 people to 1,470. The recruitment rate is still high and the organization is continuing to expand in order to meet future demand. The work on strengthening the global partner network through training and certification of existing as well as new partners is continuing as planned.

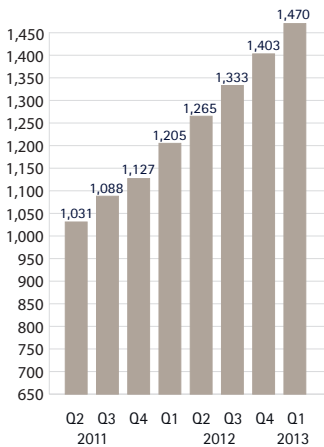
New vision and mission

An updated vision and mission statement has been presented to better reflect today's focus and challenges. The prior statement was mainly focused on Axis' ambition to drive the technology shift from an analog video market to new network video solutions. Today the technology shift is well underway and together with partners Axis will continue to drive the market through a high rate of innovation, thereby paving the way for new opportunities.

Martin Gren ranked as the world's most influential person in the security industry

Martin Gren, Board member and one of the founders of Axis Communications, was awarded first prize in IFSEC Global's ranking of the world's most influential people in the security and fire industries.

Number of employees





Comments on the income statement and balance sheet

Net sales

The first quarter

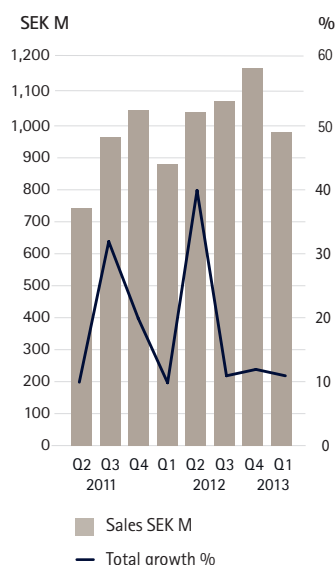
Net sales for the first quarter amounted to SEK 982 M (881), which was an increase of 11 percent. Growth was 16 percent in local currency. Foreign currency effects had a negative impact on sales of SEK 44 M.

Sales in the EMEA region amounted to SEK 353 M (332) during the first quarter, corresponding to growth of 7 percent. Growth was 10 percent in local currency. The performance varied between different geographical areas in the region. The positive trend in the British market continued, mainly driven by the technology shift. Meanwhile, the financial turbulence is affecting a number of markets in the region.

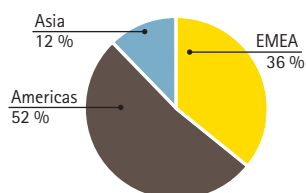
Sales in the Americas region amounted to SEK 513 M (449) during the first quarter, corresponding to growth of 14 percent. Growth was 19 percent in local currency. The technology shift from analog to digital surveillance is well-established and the trend as regards solutions for smaller installations is developing favorably.

Sales in the Asia region amounted to SEK 115 M (101) during the first quarter, corresponding to growth of 15 percent. Growth was 23 percent in local currency. Interest in network video products is still strong in most customer segments. Strategic investments are being made in order to develop a strong organization and boost local presence. The weak Japanese Yen contributed to the negative foreign currency effect in the region.

Sales



Invoicing per region, Q1 2013



Invoiced sales per product group (SEK M)	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Video	979.8	876.6	1,039.1	1,065.0	1,177.5
Other	1.7	4.7	4.4	14.2	2.0
TOTAL	981.5	881.3	1,043.5	1,079.2	1,179.5

Invoiced sales per region (SEK M)	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
EMEA	353.4	331.8	377.0	384.9	484.9
Americas	512.9	449.0	542.7	569.9	555.9
Asia	115.2	100.5	123.8	124.4	138.7
TOTAL	981.5	881.3	1,043.5	1,079.2	1,179.5

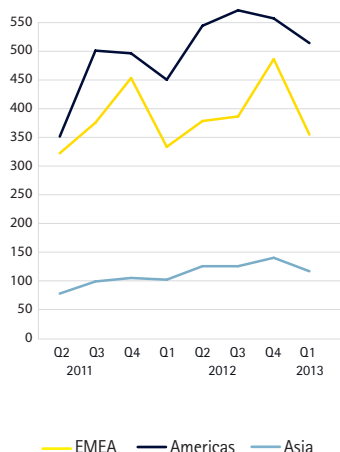
Earnings

The first quarter

Operating profit during the first quarter amounted to SEK 89.3 M (79), which corresponded to an operating margin of 9.1 percent (9.0). Operating profit was impacted negatively by low sales growth and a continued high rate of expansion, in combination with a negative effect from currency translation differences. Meanwhile, the gross margin continued to be stable and amounted to 51.5 percent (49.9) in the first quarter.

Profit before tax was SEK 88 M (78). Profit after tax amounted to SEK 66 M (57). Changes in foreign exchange rates impacted operating profit negatively by SEK 31 M, compared to the corresponding period of the previous year.

Sales per region, SEK M



Condensed income statement	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Net sales	981.5	881.3	1,043.5	1,079.2	1,179.5
Gross profit	505.3	439.7	515.1	548.2	600.5
Gross margin	51.5	49.9	49.4	50.8	50.9
Operating profit	89.3	79.1	121.1	168.4	206.7
Operating margin	9.1	9.0	11.6	15.6	17.5
Profit before tax	88.1	78.4	119.5	166.2	204.7

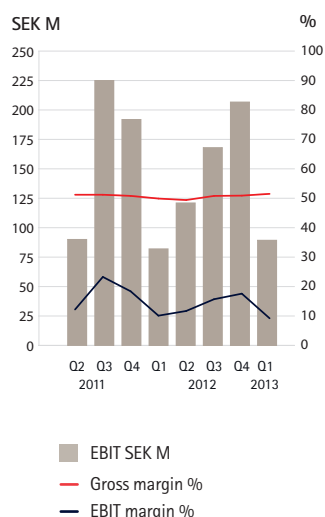
Cash flow, investments and financial position

Cash flow from operating activities for the period amounted to SEK 100 M (-112). Net investments totaled SEK 32 M (14), of which capitalized development costs amounted to SEK 13 M (3). Axis had SEK 392 M (301) in cash and cash equivalents at the end of the period, as well as unutilized credit facilities of SEK 500 M (500). Accordingly, the company had a total of SEK 892 M (801) at its disposal at March 31, 2013.

Shareholders' equity

Consolidated equity amounted to SEK 874 M (823). The total number of shares at year-end was 69,461,250 (69,461,250). Axis has no outstanding stock option programs. The group's equity/assets ratio was 50.5 percent (50.2) at March 31, 2013.

Operating profit / EBIT



(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2012	0.7	279.2	-10.0	498.7	768.6
Total comprehensive income for the period	-	-	-3.3	57.3	54.0
Closing balance at Mar 31, 2012	0.7	279.2	-13.3	556.0	822.6
Opening balance at Jan 1, 2013	0.7	279.2	-14.1	544.0	809.8
Total comprehensive income for the period	-	-	-2.0	66.1	64.1
Closing balance at Mar 31, 2013	0.7	279.2	-16.1	610.1	873.9

Parent Company

The parent company's operations are primarily focused on company-wide administration. The parent company has no employees. During the period, sales amounted to SEK 5.2 M (4.4) and operating profit amounted to SEK -2.7 M (-2.3). Cash and cash equivalents at the end of the period amounted to SEK 0 M (186.8) and borrowing was SEK 0 M (0). No investments have taken place during the period.





Outlook

There is a continued steady inflow of new projects but the market is still affected by the global financial uncertainty. This is currently restricting the growth rate. Axis and external market research institutions still estimate the long-term global growth potential for the network video market at approximately 20-25 percent annually. An important factor for continued strong growth is increased penetration in installations for smaller systems and in emerging markets. In order to meet market demand and retain its position as the market-leading supplier of network video solutions, Axis will continue to develop and release a large number of innovative products, refine the partner network, recruit more employees and continue to expand globally.

Other

Risks and uncertainties

Axis' operations are subject to a further number of risks and uncertainties, which are described in the 2012 Annual Report. No new material risks have arisen during the first quarter of 2013.

Accounting policies

This interim report is prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. For information on the accounting policies applied, see the 2012 Annual Report. The accounting policies are unchanged compared with those applied in 2012.

Nominating Committee

Axis' Nominating Committee is composed of representatives from the three largest shareholders; Christer Brandberg (Inter Indu AB), Therese Karlsson (LMK Industri AB) and Martin Gren (AB Grenspecialisten). Christer Brandberg is chairman and convenor. Proposals and views from shareholders concerning the composition of the board may either be submitted in writing to the address: Axis AB, attn. Adrienne Jacobsen, Emdalavägen 14, 223 69 Lund, Sweden or by phone +46 46 272 18 00.

Annual General Meeting

Axis' Annual General Meeting will be held on April 16, 2013 at 5 p.m. in Lund, Sweden.

The Axis share

The company's share is listed on NASDAQ OMX Stockholm AB in the Large Cap segment, under the ticker AXIS. Axis' share had a turnover of 10,741,626 shares during the period January-March 2013, which gave an average turnover of 173,252 shares per trading day, to a value of SEK 28 M. The average price of the share during the period was SEK 165.

Reporting dates

Axis will report on the following dates during the 2013 fiscal year:

- > Interim report, January-June: July 9, 2013
- > Interim report, January-September: October 17, 2013

Lund, April 15, 2013

Ray Mauritsson
President

Review report

Review report of condensed interim financial information (Interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed this interim report for the period January 1–March 31, 2013 for Axis AB (publ). The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim financial information, based on our review.

The focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements, (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report, in all material respects, is not prepared for the Group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Lund, April 15, 2013
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

Consolidated statement of comprehensive income

(SEK M)	Q1 2013	Q1 2012	Full year 2012	Q2 12 - Q1 13 12 months
Net sales	981.5	881.3	4,183.5	4,283.7
Cold of goods and services sold	-476.2	-441.6	-2,080.0	-2,114.6
Gross profit	505.3	439.7	2,103.5	2,169.1
Other revenues and changes in value	-15.4	-10.9	-30.0	-34.5
Selling and marketing expenses	-188.7	-172.9	-747.5	-763.3
Administrative expenses	-49.4	-39.6	-171.0	-180.8
Research and development costs	-162.4	-137.2	-579.7	-604.9
Operating profit *	89.3	79.1	575.3	585.5
Financial expenses	-1.2	-0.7	-6.5	-7.0
Profit before tax	88.1	78.4	568.8	578.5
Tax	-22.0	-21.1	-141.5	-142.4
Net profit for the period	66.1	57.3	427.3	436.1
Other comprehensive income				
Exchange differences	-2.0	-3.3	-4.1	-1.9
Other comprehensive income for the period, net after tax	-2.0	-3.3	-4.1	-1.9
Total comprehensive income for the period	64.1	54.0	423.2	434.2
Total comprehensive income attributable to:				
The Parent Company's shareholders	64.1	54.0	423.2	434.2
Earnings per share for the period, SEK	0.95	0.82	6.15	6.28
Number of shares, average, thousands	69,461	69,461	69,461	69,461

*Net effects of hedging and changes in exchange rates in underlying receivables and liabilities in foreign currencies have impacted operating profit positively by SEK 15 M (negatively by SEK 12 M) during the first quarter.

Consolidated statement of cash flows

(SEK M)	Q1 2013	Q1 2012	Full year 2012	Q2 12-Q1 13 12 months
Cash flow from operating activities before change in working capital	102.9	-6.8	416.7	526.4
Change in working capital	-2.6	-105.5	-56.1	46.8
Cash flow from operating activities	100.3	-112.3	360.6	573.2
Cash flow from investing activities	-31.8	-14.0	-79.1	-96.9
Cash flow from financing activities	-141.3	1.9	-242.0	-385.2
Cash flow for the period	-72.8	-124.4	39.5	91.1
Cash and cash equivalents at the start of the period	464.5	425.0	425.0	300.6
Cash and cash equivalents at the end of the period	391.7	300.6	464.5	391.7

Consolidated balance sheet

(SEK M)	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Non-current assets	227.9	186.8	210.9
Inventories	516.1	517.0	536.0
Trade receivables*	483.3	515.9	485.4
Other receivables	111.5	118.2	92.8
Cash and cash equivalents	391.7	300.6	464.5
Total	1,730.5	1,638.5	1,789.6
Shareholders' equity	873.9	822.6	809.8
Non-current liabilities	143.3	116.5	124.6
Trade payables	288.4	310.4	314.3
Other current liabilities	425.0	388.9	540.9
Total	1,730.5	1,638.5	1,789.6

*This item includes contract manufacturers of SEK 38 M.

Key ratios

	Q1 2013	Q1 2012	Full year 2012
Net sales growth (%)	11.4	9.0	16.9
Gross margin (%)	51.5	49.9	50.3
Operating margin (%)	9.1	9.0	13.8
Profit margin (%)	9.0	8.9	13.6
Depreciation/amortization (SEK M) *	51.0	40.9	50.0
Shareholders' equity (SEK M)	874	823	810
Capital employed (SEK M)	916	939	991
Interest-bearing liabilities (SEK M)	0	0	140
Net interest-bearing liabilities/net receivables (SEK M) **	392	301	325
Total assets (SEK M)	1,731	1,638	1,790
Return on capital employed (%) *	61.4	64.8	61.8
Return on total assets (%) *	33.3	36.0	33.8
Return on equity (%) *	53.6	54.1	53.1
Interest coverage ratio (times) *	83.3	217.8	88.5
Equity/assets ratio (%)	50.5	50.2	45.3
Share of risk-bearing capital (%)	56.6	56.0	49.9
Capital turnover ratio (times)	4.5	1.0	4.5
Number of employees (average for the period)	1,449	1,180	1,278
Sales per employee (SEK M) *	3.0	3.1	3.3
Operating profit per employee (SEK M) *	0.4	0.5	0.5

*The key figures have been recalculated to rolling 12-month values where appropriate.

**Refers to net of interest-bearing receivables and liabilities.

Per-share data

	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Share price at end of period, SEK	169.50	179.00	177.50
Dividend, SEK	5.00*	5.50	5.50
P/E ratio	45	54	29
Earnings per share, SEK	0.95	0.82	6.15
Average number of shares, thousands	69,461	69,461	69,461
Number of outstanding shares, thousands	69,461	69,461	69,461

*Proposed dividend, SEK

Quarterly data

Invoiced sales per product group (SEK '000)	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Video	979.8	1,177.5	1,065.0	1,039.1	876.6	1,046.7	965.5	740.7	797.6	869.0	722.1	665.0
Other	1.7	2.0	14.2	4.4	4.7	4.2	5.7	6.4	10.7	6.3	14.7	13.3
TOTAL	981.5	1,179.5	1,079.2	1,043.5	881.3	1,050.9	971.2	747.2	808.3	875.3	736.8	678.3
Invoiced sales per region	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
EMEA	353.4	484.9	384.9	377.0	331.8	452.1	374.1	320.9	332.2	403.4	300.0	265.2
Americas	512.9	555.9	569.9	542.7	449.0	495.3	499.7	350.0	394.6	379.9	360.3	347.6
Asia	115.2	138.7	124.4	123.8	100.5	103.5	97.4	76.3	81.5	92.0	76.5	65.5
TOTAL	981.5	1,179.5	1,079.2	1,043.5	881.3	1,050.9	971.2	747.2	808.3	875.3	736.8	678.3
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Net sales growth (%)	11.4	16.9	11.1	39.7	9.0	20.1	31.8	10.2	25.8	32.9	29.7	25.1
Gross profit (SEK M)	505.3	600.5	548.2	515.1	439.7	533.7	499.7	382.4	411.5	442.3	371.0	339.2
Gross margin (%)	51.5	50.9	50.8	49.4	49.9	50.8	51.5	51.2	50.9	50.5	50.4	50.0
Operating profit (SEK M)	89.3	206.7	168.4	121.1	79.1	191.9	224.9	90.2	126.2	125.3	120.5	74.0
Operating margin (%)	9.1	17.5	15.6	11.6	9.0	18.3	23.2	12.1	15.6	14.3	16.4	10.9

Parent Company income statement

(SEK M)	Q1 2013	Q1 2012	Full year 2012
Net sales	5.2	4.4	25.7
Gross profit	5.2	4.4	25.7
Administrative expenses	-7.9	-6.7	-36.2
Operating profit	-2.7	-2.3	-10.5
Result from participations in group companies	-	-	540.4
Interest income and similar profit/loss items	1.6	7.7	15.8
Interest expenses and similar profit/loss items	-1.3	-0.9	-7.1
Profit before tax	-2.4	4.6	538.6
Change in tax allocation reserve	-	-	-125.9
Tax	-	-1.2	-98.5
Net profit for the period	-2.4	3.4	314.2

Parent Company balance sheet

(SEK M)	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Non-current assets	12.0	14.4	12.6
Receivables from group companies	904.5	632.6	982.1
Trade receivables and other receivables	3.0	6.1	1.8
Tax receivables	19.8	12.2	20.0
Cash and cash equivalents	0.0	186.8	32.4
Total	939.3	852.1	1,048.9
Shareholders' equity	422.7	496.3	425.1
Untaxed reserves	478.6	352.6	478.6
Liabilities to group companies	0.7	1.0	0.7
Current liabilities	37.3	2.2	144.5
Total	939.3	852.1	1,048.9

Analyst & Press Conference

Axis will hold a teleconference for the media and financial analysts today. A presentation is available on www.axis.com/sv/corporate/investor/financial_reports.htm

Time: April 15. 10.00 a.m.

Phone number: + 46 8 505 564 76

The presentation will be broadcast live on:

<http://financialhearings.nu/130415/axiscommunications/>

For further information please contact:

Johan Lundin, Manager, Investor Relations

E-mail: ir@axis.com

Tel: +46 46 272 18 00

Axis discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. It was released for publication at 08.00 CET on April 15, 2013.