

Interim report

January-March 2015



The first quarter

- > Net sales increased by 20 percent during the first quarter to SEK 1,354 M (1,129). In local currencies, net sales increased by 2 percent
- > Operating profit increased to SEK 145 M (72), which corresponds to an operating margin of 10.7 percent (6.4)
- > Profit after tax amounted to SEK 104 M (52)
- > Earnings per share amounted to SEK 1.50 (0.75)
- > On February 10, Canon made a public offer to Axis' shareholders

President's comments

During the first three months of the year, we were able to present a large number of new solutions in various product categories. While Axis is continuing to strengthen the offering with new innovative network cameras, we are also continuing to broaden our product portfolio with complementary innovations and advanced versions of our different software solutions directed towards small and medium-sized installations. The recruitment rate remained high in early 2015 and the number of employees increased by 78.

The growth rate during the quarter was negatively impacted by a turbulent macroeconomic situation in several of Axis' markets. We are also continuing to note low inventory levels at larger distributors. The fire at the Thai production unit in November caused supply disruptions of certain products. This had a more negative impact on sales during the quarter than we previously estimated.

On February 10, Canon made a public offer to Axis' shareholders of SEK 340 per share. The acceptance period ran from March 3 to April 1. On April 8, Canon announced that it completes the offer and that the acceptance period was being extended until April 21. Further information about the offer is available on Axis' website.

We will continue to develop our offering. The market for network surveillance still has great potential and Axis has a clear ambition to strengthen its market-leading position by developing the partner network, attracting skilled employees and releasing leading security solutions.



Ray Mauritsson
President

About Axis Communications Axis offers intelligent security solutions that enable a smarter, safer world. As the global market leader in network video, Axis is driving the industry by continually launching innovative network products based on an open platform - delivering high value to customers through a global partner network. Axis has long-term relationships with partners and provides them with knowledge and ground-breaking network products in existing and new markets. Axis has more than 1,900 dedicated employees in more than 40 countries around the world, supported by a network of over 75,000 partners across 179 countries. Founded in 1984, Axis is a Sweden-based company listed on NASDAQ Stockholm under the ticker AXIS. For more information about Axis, please visit our website www.axis.com.



Events during the first quarter



A cautious start to the year

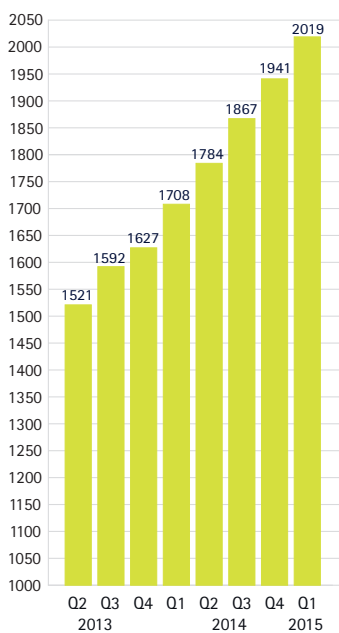
Sales during the first quarter of the year were negatively impacted by a weak performance in a number of regions. The effects of the fire at one of Axis' contract manufacturers in Thailand in November are estimated to have had a more negative impact on sales than previously expected. Underlying demand in the network video market is expected to continue to be stable and Axis' view of the current growth rate remains unchanged.



Continued innovation

A number of new innovative products and solutions were introduced in the market during the first quarter. In March, the AXIS Q61-E PTZ series was released, which is primarily directed towards city surveillance, shopping malls and industries. Among other features, the camera series is equipped with AXIS Sharpdome technology, an entirely new technical surveillance concept for PTZ cameras, and Axis Speed Dry function for surveillance in poor weather conditions. The Axis P56 series was also introduced in March. This camera series is a cost effective product category offering 360° continuous pan capability, 30x optical zoom, image stabilization and audio. In February, the AXIS P3905-RE network camera was introduced. This camera is part of the AXISP39-R series, which is directed towards surveillance in the transportation sector. The new product is specially developed for installation in public modes of transportation in order to further boost security for employees, passengers and the public.

Number of employees



In March, Axis' Zipstream technology was released, which lowers bandwidth and storage requirements by an average of 50 percent. The technique is fully compatible with the H.264 compression standard and can be used with Axis cameras and the market's leading video management software. Meanwhile, the AXIS C3003-E Network Horn Speaker was released, a network loudspeaker, which can be easily integrated into a surveillance system. This product is an important complement in our ambition to broaden the company's portfolio and offer overall surveillance solutions.

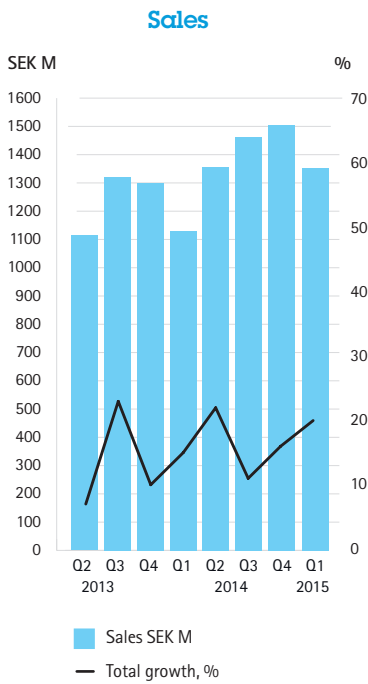
An appreciated employer

During the period, Axis was named as Sweden's fifth best workplace in Great Place to Work's annual ranking. Axis' long-term investments in personnel and work on building a strong corporate culture has resulted in satisfied employees and continued good opportunities to recruit skilled personnel. During the period, the number of employees increased by 78 to 2,019 employees in total. The recruitment rate is still high and the organization is continuing to expand in order to meet the increasing future demand.

Public offer

On February 10, Canon made a public offer to Axis' shareholders. On account of this, Axis' Annual General Meeting was postponed. A new date for the Annual General Meeting will be announced shortly. Transaction costs will affect earnings in the second quarter of 2015 with a significant amount. During the first quarter, approximately 3 SEK M was expensed in connection with the transaction.

Comments on the income statement and balance sheet



Net sales

The first quarter

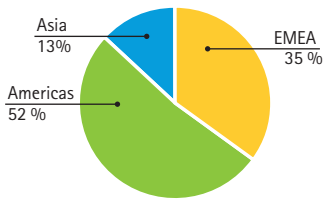
Net sales in the first quarter amounted to SEK 1,354 M (1,129), which was an increase of 20 percent. Growth was 2 percent in local currency. Foreign currency effects had a positive impact on sales of SEK 198.

Sales in the EMEA region amounted to SEK 470 M (402) during the first quarter, corresponding to growth of 17 percent. Growth amounted to 5 percent in local currency. In Eastern Europe, the performance continued to be affected by a turbulent political situation in parts of the region. Certain markets in the Middle East were also negatively impacted by political instability.

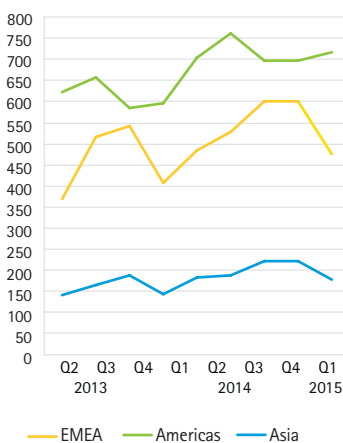
Sales in the Americas region amounted to SEK 713 M (591) during the first quarter, corresponding to growth of 21 percent. Growth amounted to 0 percent in local currency. Sales were affected by a weak development in South America and unfavorable currency impact in Mexico and Canada.

Sales in the Asia region amounted to SEK 171 M (136) during the first quarter, corresponding to growth of 25 percent. Growth amounted to 5 percent in local currency. Several countries in Southern Asia showed strong development during the quarter.

Invoicing per region, Q4 2015



Sales per region, SEK M



Invoiced sales per product group (SEK M)	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Video	1,347.5	1,121.2	1,354.0	1,458.3	1,496.2
Other	6.8	7.9	0.7	3.8	7.6
TOTAL	1,354.3	1,129.1	1,354.7	1,462.1	1,503.8

Invoiced sales per region (SEK M)	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
EMEA	470.4	401.5	478.7	522.9	596.1
Americas	713.0	591.4	700.4	758.2	692.7
Asia	170.9	136.2	175.6	181.0	215.0
TOTAL	1,354.3	1,129.1	1,354.7	1,462.1	1,503.8

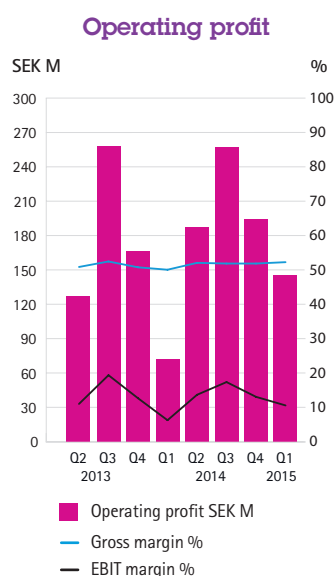


Earnings

The first quarter

Operating profit during the first quarter amounted to SEK 145 M (72), which corresponded to an operating margin of 10.7 percent (6.4). Meanwhile, gross margin continued to be stable and amounted to 52.4 percent (50.5) in the first quarter. Profit before tax was SEK 145 M (71). Profit after tax amounted to SEK 104 M (52). Changes in foreign exchange rates impacted operating profit positively by SEK 37 M, compared to the corresponding period of the previous year.

Condensed income statement, SEK M	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Net sales	1,354.3	1,129.1	1,354.7	1,462.1	1,503.8
Gross profit	710.1	569.8	706.9	760.9	784.4
Gross margin, %	52.4	50.5	52.2	52.0	52.2
Operating profit	144.8	72.1	187.6	256.5	199.2
Operating margin, %	10.7	6.4	13.8	17.5	13.2
Profit before tax	144.5	71.0	186.8	253.2	202.9



Cash flow, investments and financial position

Cash flow from operating activities for the period amounted to SEK 203 M (114). Net investments totaled SEK 22 M (31), of which capitalized development costs amounted to SEK 7 M (12). Axis had SEK 595 M (419) in cash and cash equivalents at the end of the period, as well as unutilized credit facilities of SEK 1,000 M (500). Accordingly, the company had a total of SEK 1,595 M (919) at its disposal at March 31, 2015.

Equity

Consolidated equity amounted to SEK 1,213 M (990). 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 53.5 percent (50.6) at March 31, 2015.

(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2014	0.7	279.2	-18.6	675.6	936.9
Total comprehensive income for the period	-	-	0.2	52.4	52.6
Closing balance at Mar 31, 2014	0.7	279.2	-18.4	728.0	989.5
Opening balance at Jan 1, 2015	0.7	279.2	-15.7	832.9	1,097.1
Total comprehensive income for the period	-	-	11.9	104.1	116.0
Closing balance at Mar 31, 2015	0.7	279.2	-3.8	937.0	1,213.1

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 22.5 M (5.1) and operating profit amounted to SEK 8.0 M (-2.6). Cash and cash equivalents at the end of the period amounted to SEK 287.3 M (306.9) and borrowing was SEK 0 M (0). No investments have taken place during the period.



Outlook

The market activity and the inflow of new projects means that Axis' view on the current market growth rate remains unchanged. 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 2014 Annual Report. No new material risks have arisen during 2015.

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 2014 Annual Report. The accounting policies are unchanged compared with those applied in 2014.

Nomination Committee

Axis' Nomination 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, or by phone +46 46 272 18 00.

Annual General Meeting

Axis Annual General Meeting, which was planned for March 25, 2015 was postponed on account of the public offer from Canon Inc. A new date for the Annual General Meeting will be announced as soon as a decision is made.

The Axis share

The company's share is listed on NASDAQ Stockholm in the Large Cap segment, under the ticker AXIS. Axis' share had a turnover of 34,795,231 shares during the period January-March 2015, which gave an average turnover of 561,213 shares per trading day, to a value of SEK178,225,666. The average price of the share during the period was SEK 283.20.

Reporting dates

Axis will report on the following dates during the 2015 fiscal year:

Interim report, January-June: July 9, 2015

Interim report, January-September: October 15, 2015

Lund den 16 april 2015

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 of Axis AB (publ) for the period January 1 – March 31, 2015. 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 International Standard on Review Engagements, ISRE 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 16, 2015
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

Consolidated comprehensive income

(SEK M)	Q1 2015	Q1 2014	Full-year 2014	Q2 14 - Q1 15 12 months
Net sales	1,354.3	1,129.1	5,449.7	5,674.9
Cost of goods and services sold	-644.2	-559.3	-2,627.7	-2,712.6
Gross profit	710.1	569.8	2,822.0	2,962.3
Other revenues and changes in value	8.6	-11.4	-1.6	18.4
Selling and marketing expenses	-275.1	-228.2	-1,019.6	-1,066.5
Administrative expenses	-66.0	-57.0	-226.7	-235.7
Research and development expenses	-232.8	-201.1	-858.7	-890.4
Operating profit *	144.8	72.1	715.4	788.1
Net financial items	-0.3	-1.1	-1.5	-0.7
Profit after financial items	144.5	71.0	713.9	787.4
Tax	-40.4	-18.6	-174.6	-196.4
Net profit for the period	104.1	52.4	539.3	591.0
Other comprehensive income				
Items that later may be transferred to the income statement				
Exchange differences	11.9	0.2	2.9	14.6
Other comprehensive income for the period, net after tax	11.9	0.2	2.9	14.6
Total comprehensive income for the period	116.0	52.6	542.2	605.6
Total comprehensive income attributable to:				
Parent Company's shareholders	116.0	52.6	542.2	605.6
Earnings per share for the period, SEK	1.50	0.75	7.76	8.51
Number of shares, average, thousands	69,461	69,461	69,461	69,461

*Net effects of changes in exchange rates in underlying receivables and liabilities in foreign currency have impacted operating profit positively by SEK 9 M (negatively by SEK 12 M) during the first quarter.

Consolidated statement of cash flows

(SEK M)	Q1 2015	Q1 2014	Full-year 2014	Q2 14 - Q1 15 12 months
Cash flow from operating activities before change in working capital	115.8	83.5	689.2	721.5
Change in working capital	87.1	30.4	-88.7	-32.0
Cash flow from operating activities	202.9	113.9	600.5	689.5
Cash flow from investing activities	-22.1	-31.1	-141.6	-132.6
Cash flow from financing activities	0.0	-1.3	-382.0	-380.7
Cash flow for the period	180.8	81.5	76.9	176.2
Cash and cash equivalents at the start of the period	414.6	337.7	337.7	419.2
Cash and cash equivalents at the end of the period	595.4	419.2	414.6	595.4

Consolidated balance sheet

(SEK M)	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Non-current assets	338.6	286.3	338.3
Inventories	729.9	676.7	722.3
Trade receivables*	496.8	428.0	636.5
Other receivables	105.7	145.6	95.0
Cash and cash equivalents	595.4	419.2	414.6
Total	2,266.4	1,955.8	2,206.7
Equity	1,213.1	989.5	1,097.1
Non-current liabilities	185.2	181.7	187.4
Trade payables	420.3	402.9	474.1
Other current liabilities	447.8	381.7	448.1
Total	2,266.4	1,955.8	2,206.7

*This item includes receivables from contract manufacturers of SEK 47.4 M (92.3).

Key ratios

	Q1 2015	Q1 2014	Full-year 2014
Net sales growth (%)	19.9	15.0	15.5
Gross margin (%)	52.4	50.5	51.8
Operating margin (%)	10.7	6.4	13.1
Profit margin (%)	10.7	6.3	13.1
Depreciation/amortization (SEK M)*	80.9	57.2	72.0
Equity (SEK M)	1,213	990	1,097
Capital employed (SEK M)	1,269	1,038	1,151
Interest-bearing liabilities (SEK M)	-	-	-
Net interest-bearing liabilities/net receivables (SEK M)**	595	419	415
Total assets (SEK M)	2,266	1,956	2,207
Return on capital employed (%) *	65.1	61.6	67.2
Return on total assets (%) *	35.2	32.0	34.6
Return on equity (%) *	53.2	50.2	54.8
Interest coverage ratio (times) *	1,125.9	209.9	224.1
Equity/assets ratio (%)	53.5	50.6	49.7
Proportion of risk-bearing capital (%)	59.2	57.4	55.8
Capital turnover ratio (times)	4.7	4.8	5.1
Number of employees (average for the period)	1,995	1,680	1,797
Sales per employee (SEK M) *	2.8	2.9	3.0
Operating profit per employee, SEK M) *	0.4	0.4	0.4

*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, 2014	Mar 31, 2014	Dec 31, 2014
Share price at end of period, SEK	340.20	221.60	199.60
Dividend, SEK	6.00*	5.50	5.50
P/E ratio**	40	33	26
Earnings per share, SEK	1.50	0.75	7.76
Number of shares, thousands	69,461	69,461	69,461
Number of outstanding shares, thousands	69,461	69,461	69,461

*Proposed dividend

**The P/E ratio has been recalculated to rolling 12-month values.

Quarterly data

Invoiced sales per product group (SEK '000)	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Video	1,347.5	1,496.2	1,458.3	1,354.0	1,121.2	1,296.6	1,318.8	1,112.8	979.8	1,177.5	1,065.0	1,039.1
Other	6.8	7.6	3.8	0.7	7.9	1.9	3.6	1.6	1.7	2.0	14.2	4.4
TOTAL	1,354.3	1,503.8	1,462.1	1,354.7	1,129.1	1,298.5	1,322.4	1,114.4	981.5	1,179.5	1,079.2	1,043.5

Invoiced sales per region	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
EMEA	470.4	596.1	522.9	478.7	401.5	537.1	511.1	362.5	353.4	484.9	384.9	377.0
Americas	713.0	692.7	758.2	700.4	591.4	580.0	653.0	617.9	512.9	555.9	569.9	542.7
Asia	170.9	215.0	181.0	175.6	136.2	181.4	158.3	134.0	115.2	138.7	124.4	123.8
TOTAL	1,354.3	1,503.8	1,462.1	1,354.7	1,129.1	1,298.5	1,322.4	1,114.4	981.5	1,179.5	1,079.2	1,043.5

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net sales growth (%)	19.9	15.8	10.6	21.6	15.0	10.1	22.5	6.8	11.4	16.9	11.1	39.7
Gross profit (SEK M)	710.1	784.4	760.9	706.9	569.8	660.6	696.2	568.1	505.3	600.5	548.2	515.1
Gross margin (%)	52.4	52.2	52.0	52.2	50.5	50.9	52.6	51.0	51.5	50.9	50.8	49.4
Operating profit (SEK M)	144.8	199.2	256.5	187.6	72.1	166.0	258.4	126.5	89.3	206.7	168.4	121.1
Operating margin (%)	10.7	13.2	17.5	13.8	6.4	12.8	19.5	11.4	9.1	17.5	15.6	11.6

Parent Company income statement

(SEK M)	Q1 2015	Q1 2014	Full-year 2014
Net sales	22.5	5.1	100.5
Gross profit	22.5	5.1	100.5
Administrative expenses	-14.5	-7.7	-43.0
Operating profit	8.0	-2.6	57.5
Interest income and similar profit/loss items	0.4	0.6	34.9
Interest expenses and similar profit/loss items	-4.4	-1.5	-37.7
Profit/loss after financial items	4.0	-3.5	54.7
Appropriations	-	-	478.9
Tax	-0.9	-	-111.8
Net profit for the period	3.1	-3.5	421.8

Parent Company balance sheet

(SEK M)	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Non-current assets	7.3	9.6	7.9
Receivables from group companies	766.0	564.6	984.5
Trade receivables and other receivables	0.6	1.3	1.8
Tax receivables	13.7	13.9	0.0
Cash and cash equivalents	287.3	306.9	113.6
Total	1,074.9	896.3	1,107.8
Equity	426.5	380.2	423.4
Untaxed reserves	637.9	510.4	637.9
Liabilities to group companies	0.9	0.8	0.9
Current liabilities	9.6	4.9	45.6
Total	1,074.9	896.3	1,107.8

For further information please contact:

Johan Lundin, Manager, Investor Relations

Mail: ir@axis.com

Phone: +46 46 272 18 00



Axis AB (publ)

Org.nr. 556241-1065

Emdalavägen 14, 223 69 Lund

Tel: 046 272 18 00

www.axis.com

This report contains future-oriented information that is based on the present expectations of Axis' Management. Even if the Management believes that the expectations reflected in such future-oriented information are reasonable, no assurance may be given that these expectations will prove to be correct. Consequently, actual future outcomes may deviate significantly from what is reflected in the future-oriented information due to changed conditions relating to the economy, market and competition, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors.

Axis discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information was submitted for publication at 08.00 CET on Thursday, April 16, 2015.