

Year-end report

2015



The fourth quarter

- > Net sales increased by 17 percent during the fourth quarter to SEK 1,758 M (1,504). In local currencies, net sales increased by 7 percent
- > Operating profit increased to SEK 231 M (199), which corresponds to an operating margin of 13.1 percent (13.2)
- > Profit after tax amounted to SEK 176 M (156)
- > Earnings per share amounted to SEK 2.54 (2.24)
- > The Board of Directors proposes that no dividend shall be distributed in respect of the 2015 fiscal year (SEK 0.31)

January – December

- > Net sales increased by 22 percent during the period to SEK 6,635 M (5,450). In local currencies, net sales increased by 5 percent
- > Operating profit increased to SEK 881 M (715), which corresponds to an operating margin of 13.3 percent (13.1)
- > Profit after tax amounted to SEK 652 M (539)
- > Earnings per share amounted to SEK 9.39 (7.76)

President's comments

Full-year sales increased by 22 percent. In several important regional markets, 2015 was a challenging year. Financial and political turbulence, particularly in large emerging markets in Asia, South America and Eastern Europe had a negative impact on sales. Meanwhile, a number of countries recovered in Southern Asia, and the Middle East continued to show a good performance. Foreign currency effects especially against USD had a positive impact on full-year sales. Sales increased by 17 percent during the quarter.

Axis maintained a high rate of innovation. During the year, the offer was strengthened with new innovative network cameras and also through continued investments to take greater responsibility for the overall security solution. The portfolio was broadened with new product categories and updated versions of our software solutions and security cameras for all market segments. By taking greater responsibility for the overall system, we are further strengthening our position in relation to partners and end customers.

During the year, Canon acquired about 85 percent of the shares in Axis. A strong and long-term principal owner gives us the potential to further strengthen Axis' competitiveness through increased access to leading knowledge and technology. The process during the year developed in the way we initially communicated.

Axis is continuing to operate as an independent company with a retained focus on strengthening its own operations and working towards clearly-defined targets. During the year, we also decided to construct a new headquarters in Lund.

During 2015, the number of employees increased by 198 new people around the world. At year-end, the number of employees totaled 2,139. During the year, we also established new local offices in Kenya, Macau and Ireland, among other places.

As we enter 2016, we see no reason to change our view on the underlying demand. Axis will continue to drive the trend and create new opportunities through partnerships and expansion. To succeed with this, we will continue to invest in innovation and dedicated employees, boost our presence in emerging markets and also improve organizational efficiency in line with our expansion.



Ray Maurittsson, 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 groundbreaking network products in existing and new markets. Axis has more than 2,000 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 fourth quarter

Maintained high rate of innovation

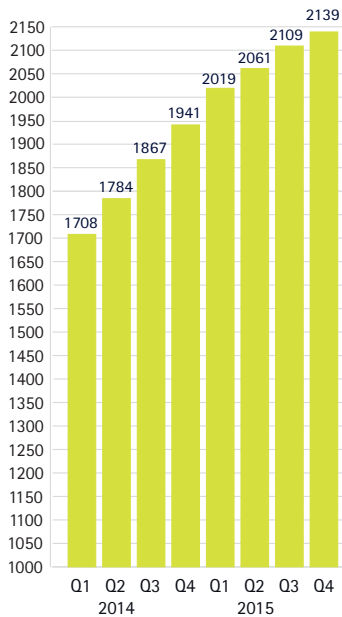
In October, Axis expanded its popular M30 series with AXIS M3037- PVE, a vandal-resistant mini dome camera featuring a built-in microphone and speaker. The new camera is ideally suited for installations where audio communication is needed, such as at the entrance of a hotel, boutique or office building. AXIS Q6128-E was introduced in November and combines high performance with award-winning design and 4k resolution. Equipped with Axis Sharpdome technology, the camera enables exceptional coverage of large areas. The ultra-high image resolution, combined with image stabilization and motion detection functionality, makes it ideal for a range of applications such as shopping malls, open parking areas and sports stadiums. During the quarter, AXIS Q1941-E was also released, Axis' first thermal camera that supports both Electronic Image Stabilization and Axis' Zipstream technology. The camera is ideal for perimeter protection and surveillance of larger areas.



Continued growth and expansion during 2015

The number of employees increased by 30 people during the fourth quarter. During the full-year 2015, the number of employees increased by 198 people, a rise of 10 percent. There is still a substantial need for skilled employees, particularly in research and development and in the global sales organization. In October, the Axis Experience Center was opened at the Irvine office in California. The recently built center features demo areas, a training center and testing lab for partners and customers.

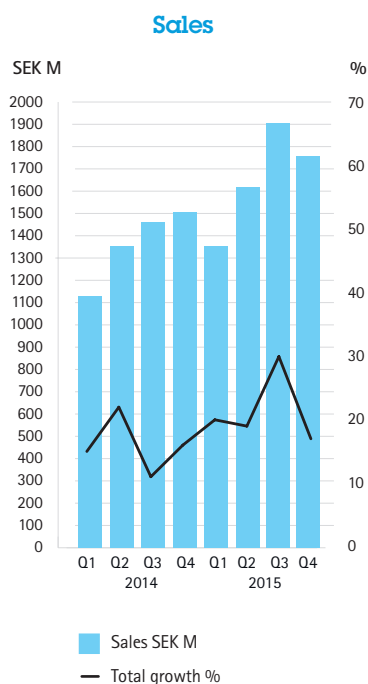
Number of employees



Several prizes and awards

During the period, Axis was ranked one of the 50 best workplaces in Great Place to Work's annual ranking of US workplaces. For the second consecutive year, Axis received an award in the small and medium-sized company category. In November, Axis' Zipstream technology won the "The Australian Security Industry Award for Excellence" from the Australian Security Industry Association.

Comments on the income statement and balance sheet



Net sales

The fourth quarter

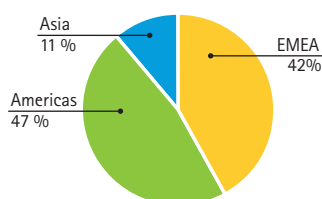
Net sales in the fourth quarter amounted to SEK 1,758 M (1,504), which was an increase of 17 percent. Growth was 7 percent in local currency. Foreign currency effects impacted sales positively by SEK 149 M.

Sales in the EMEA region amounted to SEK 740 M (596) during the fourth quarter, corresponding to growth of 24 percent. Growth amounted to 21 percent in local currency. The turbulent political situation in Russia and Ukraine continues to have a negative impact on sales in Eastern Europe. The Middle East is still performing strongly. The markets in Central and Northern Europe showed stable sales.

Sales in the Americas region amounted to SEK 832 M (693) during the fourth quarter, corresponding to growth of 20 percent. Growth amounted to 5 percent in local currency. Axis still has a strong position in the region and underlying demand is at a stable level.

Sales in the Asia region amounted to SEK 187 M (215) during the fourth quarter, corresponding to growth of -13 percent. Growth amounted to -24 percent in local currency. A weak performance, particularly in China, had a large impact on sales.

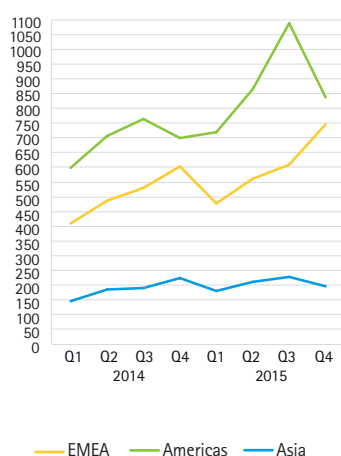
Invoicing per region, Q4 2015



Full-year 2015

Net sales for the year totaled SEK 6,635 M (5,450), an increase of 22 percent in Swedish kronor and 5 percent in local currency. Foreign currency effects, primarily from USD, impacted sales positively during the year by SEK 899 M. The performance varied in the different regions. The Americas region, which still represents about 50 percent of total sales, displayed sales growth of 4 percent in local currencies. In the EMEA region, sales increased by 12 percent in local currencies. Sales in the Asia region decreased by 9 percent during 2015 in local currencies.

Sales per region, SEK M



Invoiced sales per product group (SEK M)	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
Video	1,738.8	1,496.2	6,579.4	5,429.7
Other	19.6	7.6	55.3	20.0
TOTAL	1,758.4	1,503.8	6,634.7	5,449.7

Invoiced sales per region (SEK M)	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
EMEA	739.5	596.1	2,366.3	1,999.2
Americas	832.0	692.7	3,489.7	2,742.7
Asia	186.9	215.0	778.7	707.8
TOTAL	1,758.4	1,503.8	6,634.7	5,449.7



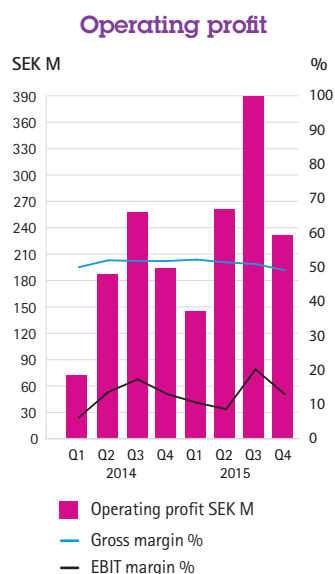
Earnings

The fourth quarter

Operating profit during the fourth quarter amounted to SEK 231 M (199), which corresponded to an operating margin of 13.1 percent (13.2). Gross margin amounted to 49.3 percent (52.2) in the fourth quarter. Profit before tax was SEK 231 M (203). Profit after tax amounted to SEK 176 M (156). Changes in foreign exchange rates impacted operating profit negatively by SEK -43 M, compared to the year-earlier period.

Full-year 2015

The Group's operating profit during the year amounted to SEK 881 M (715), which corresponds to an operating margin of 13.3 percent (13.1). Gross margin amounted to 50.8 percent (51.8). Profit before tax was SEK 881 M (714) and profit after tax was SEK 652 M (539). Changes in foreign exchange rates impacted operating profit positively by SEK 28 M, compared to the previous year.



Condensed income statement (SEK M)	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
Net sales	1,758.4	1,503.8	6,634.7	5,449.7
Gross profit	867.1	784.4	3,372.5	2,822.0
Gross margin, %	49.3	52.2	50.8	51.8
Operating profit	231.2	199.2	881.2	715.4
Operating margin, %	13.1	13.2	13.3	13.1
Profit before tax	231.1	202.9	880.5	713.9

Cash flow, investments and financial position

Cash flow from operating activities for the full-year amounted to SEK 803 M (601). Net investments totaled SEK 181 M (142), of which capitalized development costs amounted to SEK 69 M (52). Axis had SEK 1,016 M (415) in cash and cash equivalents at year-end, as well as unutilized credit facilities of SEK 50 M (1,000). Accordingly, the company had a total of SEK 1,066 M (1,415) at its disposal at December 31, 2015.

Equity

Consolidated equity amounted to SEK 1,742 M (1,097). 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 58.1 percent (49.7) at December 31, 2015.

(Mkr)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2014	0.7	279.2	-18.5	675.5	936.9
Total comprehensive income for the period	-	-	2.9	539.3	542.2
Dividend	-	-	-	-382.0	-382.0
Closing balance at Dec 31, 2014	0.7	279.2	-15.6	832.8	1,097.1
Opening balance at Jan 1, 2015	0.7	279.2	-15.6	832.8	1,097.1
Total comprehensive income for the period	-	-	13.8	652.1	665.9
Dividend	-	-	-	-21.5	-21.5
Closing balance Dec 31, 2015	0.7	279.2	-1.8	1,463.4	1,741.5

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 108 M (101) and operating profit amounted to SEK -2 M (58). Cash and cash equivalents at the end of the period amounted to SEK 578 M (114) 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.

Annual General Meeting

Axis' Annual General Meeting will be held on April 13, 2016 at 5 p.m. in Lund, Sweden. The venue will be announced shortly.

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 37,716,134 shares during the period January-December 2015, which gave an average turnover of 150,263 shares per trading day, to a value of SEK 47,945,040. The average price of the share during the period was SEK 324.0.

Dividend

Axis' majority shareholder Canon Inc has informed the company's Board of Directors that Canon Inc will vote against that there shall be any declaration of a dividend to the shareholders at the annual general meeting 2016. Based on this information, the Board of Directors and the President have decided not to propose any declaration of dividend at the annual general meeting 2016 and that the profits at the disposal of the annual general meeting shall be carried forward.

Reporting dates

Axis will report on the following dates during the 2016 fiscal year:

Interim report, January-March: April 14

Interim report, January-June: July 12

Interim report, January-September: October 20

Lund, January 26, 2016

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-December 31, 2015 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 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, January 26, 2016
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Chief Auditor

Consolidated comprehensive income

(SEK M)	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
Net sales	1,758.4	1,503.8	6,634.7	5,449.7
Cost of goods and services sold	-891.3	-719.4	-3,262.2	-2,627.7
Gross profit	867.1	784.4	3,372.5	2,822.0
Other income and changes in value	-6.8	-11.7	-32.6	-1.6
Sales and marketing expenses	-305.6	-278.5	-1,180.8	-1,019.6
Administrative expenses	-61.8	-61.7	-292.2	-226.7
Research and development expenses	-261.7	-233.3	-985.7	-858.7
Operating profit *	231.2	199.2	881.2	715.4
Net financial items	-0.1	3.7	-0.7	-1.5
Profit before tax	231.1	202.9	880.5	713.9
Taxes	-54.9	-47.2	-228.4	-174.6
Net profit for the period	176.2	155.7	652.1	539.3
Other comprehensive income				
Items that later may be transferred to the income statement				
Exchange differences	-6.6	2.4	13.8	2.9
Other comprehensive income for the period, net after tax	-6.6	2.4	13.8	2.9
Total comprehensive income for the period	169.6	158.1	665.9	542.2
Total comprehensive income attributable to:				
The parent company's shareholders	169.6	158.1	665.9	542.2
Net profit per share, SEK	2.54	2.24	9.39	7.76
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 negatively by SEK 7 M (negatively by SEK 8 M) in the fourth quarter and negatively by SEK 33 M (negatively by SEK 2 M) during the full-year 2015.

Consolidated cash flow statement

(SEK M)	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
Cash flow from operating activities before change in working capital	239.1	199.5	860.1	689.2
Change in working capital	51.6	-179.8	-56.9	-88.7
Cash flow from operating activities	290.7	19.7	803.2	600.5
Cash flow from investing activities	-48.5	-37.5	-180.5	-141.6
Cash flow from financing activities	0.0	0.0	-21.5	-382.0
Cash flow for the period	242.2	-17.8	601.2	76.9
Cash and cash equivalents at the beginning of the period	773.6	432.4	414.6	337.7
Cash and cash equivalents at the end of the period	1,015.8	414.6	1,015.8	414.6

Consolidated balance sheet

(SEK M)	Dec 31, 2015	Dec 31, 2014
Non-current assets	414.1	338.3
Inventories	1,022.2	722.3
Trade receivables *	423.0	636.5
Other receivables	124.4	95.0
Cash and cash equivalents	1,015.8	414.6
Total	2,999.5	2,206.7
Equity	1,741.5	1,097.1
Non-current liabilities	243.4	187.4
Trade payables	532.9	474.1
Other current liabilities	481.7	448.1
Total	2,999.5	2,206.7

* This item includes receivables from contract manufacturers of SEK 6 M (119).

Key ratios

	Q4 2015	Q4 2014	Full-year 2015	Full-year 2014
Net sales growth (%)	16.9	15.8	21.7	15.5
Gross margin (%)	49.3	52.2	50.8	51.8
Operating margin (%)	13.1	13.2	13.3	13.1
Profit margin, (%)	13.1	13.5	13.3	13.1
Depreciation/amortization (SEK M)	103.6	72.0	103.6	72.0
Equity (SEK M)	1,742	1,097	1,742	1,097
Capital employed (SEK M) ***	1,742	1,097	1,742	1,097
Interest-bearing liabilities (SEK M)	0	0	0	0
Net interest-bearing liabilities/net receivables (SEK M) **	1,016	415	1,016	415
Total assets (SEK M)	3,000	2,207	3,000	2,207
Return on capital employed (%) *	62.1	70.5	62.1	70.5
Return on total assets (%) *	33.9	34.6	33.9	34.6
Return on equity (%) *	48.4	54.8	48.4	54.8
Interest coverage ratio (times) *	801.5	224.1	801.5	224.1
Equity/assets ratio (%)	58.1	49.7	58.1	49.7
Share of risk-bearing capital (%)	64.0	55.8	64.0	55.8
Capital turnover ratio (times)	4.7	5.4	4.7	5.4
Number of employees (average for the period)	2,137	1,922	2,065	1,797
Sales per employee (SEK M) *	3.1	2.8	3.2	3.0
Operating profit per employee (SEK M) *	0.4	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.

*** Comparative figures for capital employed and for key ratios based on capital employed have been adjusted.

Per-share data

	Dec 31, 2015	Dec 31, 2014
Share price at the close of the period, SEK	343.40	199.60
Dividend, SEK	0.31	5.50
P/E ratio	37	26
Earnings per share, SEK	9.39	7.76
Number of shares, thousands	69,461	69,461
Number of outstanding shares, thousands	69,461	69,461

Quarterly data

Invoiced sales per product group (SEK '000)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Video	1,738.8	1,885.5	1,607.6	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
Other	19.6	20.2	8.7	6.8	7.6	3.8	0.7	7.9	1.9	3.6	1.6	1.7
TOTAL	1,758.4	1,905.7	1,616.3	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

Invoiced sales per region	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
EMEA	739.5	602.2	554.2	470.4	596.1	522.9	478.7	401.5	537.1	511.1	362.5	353.4
Americas	832.0	1,084.8	859.9	713.0	692.7	758.2	700.4	591.4	580.0	653.0	617.9	512.9
Asia	186.9	218.7	202.2	170.9	215.0	181.0	175.6	136.2	181.4	158.3	134.0	115.2
TOTAL	1,758.4	1,905.7	1,616.3	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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net sales growth (%)	16.9	30.3	19.3	19.9	15.8	10.6	21.6	15.0	10.1	22.5	6.8	11.4
Gross profit (SEK M)	867.1	973.6	821.7	710.1	784.4	760.9	706.9	569.8	660.6	696.2	568.1	505.3
Gross margin (%)	49.3	51.1	50.8	52.4	52.2	52.0	52.2	50.5	50.9	52.6	51.0	51.5
Operating profit (SEK M)	231.2	388.7	116.5	144.8	199.2	256.5	187.6	72.1	166.0	258.4	126.5	89.3
Operating margin (%)	13.1	20.4	7.2	10.7	13.2	17.5	13.8	6.4	12.8	19.5	11.4	9.1

Parent Company Income Statement

(SEK M)	Full-year 2015	Full-year 2014
Net sales	108.3	100.5
Gross profit	108.3	100.5
Administrative expenses	-110.2	-43.0
Operating profit	-1.9	57.5
Financial income	0.5	34.9
Financial expenses	-3.2	-37.7
Profit after financial items	-4.6	54.7
Appropriations	614.4	478.9
Tax	-135.1	-111.8
Net profit for the period	474.7	421.8

Parent Company Balance Sheet

(SEK M)	Dec 31, 2015	Dec 31, 2014
Non-current assets	5.5	7.9
Receivables from group companies	1,168.8	984.5
Trade receivables and other receivables	2.3	1.8
Tax assets	0.0	0.0
Cash and cash equivalents	578.2	113.6
Total	1,754.8	1,107.8
Equity	876.6	423.4
Untaxed reserves	843.5	637.9
Liabilities to Group companies	1.0	0.9
Current liabilities	33.7	45.6
Total	1,754.8	1,107.8

For further information please contact:

Johan Lundin, Manager, Investor Relations

E-mail: ir@axis.com

Phone: +46 46 272 18 00



Axis AB (publ)

Corporate identity no. 556241-1065

Emdalavägen 14, 223 69 Lund

Phone: +46 46 272 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 Tuesday, January 26, 2016. 08.00.