

Year-end report 2009

Strong close to the year



- Net sales during the year amounted to SEK 2,301 M (1,975), and sales amounted to SEK 659 M (501) for the fourth quarter.
- Operating profit for the year totaled SEK 308 M (341), and operating profit totaled SEK 121 M (49) during the fourth quarter.
- Profit before tax for the year amounted to SEK 307 M (340), and profit before tax amounted to SEK 120 M (49) for the fourth quarter.
- Profit after tax during the year totaled SEK 218 M (252), and profit after tax totaled SEK 85 M (45) during the fourth quarter.
- Earnings per share for the year amounted to SEK 3.14 (3.64).
- The Board of Directors proposes a dividend of SEK 4.00 (1.25), of which SEK 2.75 is an extraordinary dividend.

President's comments

The year ended with high activity on the market for installation of network video products, which resulted in a strong close to the year for Axis. Axis reported net sales of SEK 2,301 M (1,975) for 2009, which delivered growth of 17 percent for the year.

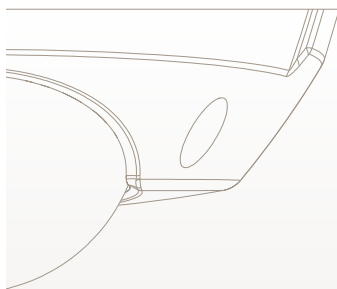
All regions showed positive growth of over 30 percent in the fourth quarter. The strong close to the year is due to a generally good inflow of orders as well as conclusion of deals relating to previously deferred projects.

The feared component shortage which was communicated previously had no significant impact on Axis' delivery capacity during the end of 2009. The beginning of 2010 is difficult to assess on account of possible supply disruptions due to component shortages and the generally uncertain market trend.

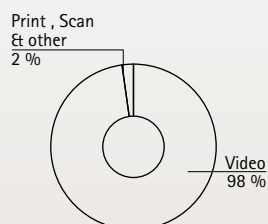
Ray Mauritsson
President

About Axis Communications. *Axis is an IT company offering network video solutions for professional installations. The company is the global market leader in network video, driving the ongoing shift from analog to digital video surveillance. Axis products and solutions focus on security surveillance and remote monitoring, and are based on innovative, open technology platforms.*
Axis is a Swedish-based company, operating worldwide with offices in more than 20 countries and cooperating with partners in more than 70 countries. Founded in 1984, Axis is listed on the NASDAQ OMX, under the ticker AXIS. For more information about Axis, please visit our web site at www.axis.com.



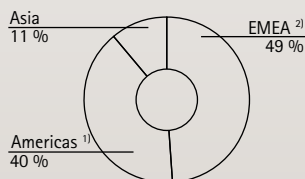


Invoiced sales per product group, Q4 2009



Product area Video represents 98 % of Axis' sales.

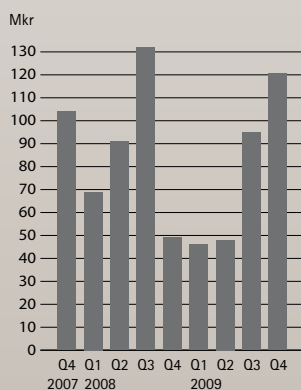
Invoiced sales per region, Q4 2009



¹⁾ Incl. North, South och Central America
²⁾ Incl. Europe, the Middle East and Africa

EMEA is the largest region, followed by Americas and Asia.

Operating profit / EBIT



Sales

Full-year 2009

Net sales for the year totaled SEK 2,301 M (1,975), an increase of 17 percent compared with the same period of the preceding year. Growth totaled 3 percent in local currency terms. Currency effects impacted sales positively during 2009 by SEK 275 M.

Axis reported sales growth in all regions during 2009. The EMEA region reported sales of SEK 1 001 M (947), representing growth of 6 percent. There was a negative growth of 5 percent in local currency. The Americas region reported sales of SEK 1 085 M (852), corresponding to growth of 27 percent. There was a positive growth of 10 percent in local currency. The Asia region reported sales of SEK 214 M (175), representing growth of 22 percent. There was a positive growth of 7 percent in local currency.

The fourth quarter

Net sales totaled SEK 659 M (SEK 501 M) during the fourth quarter, which is an increase of 32 percent compared with the same period of the preceding year. Currency effects during the period impacted sales negatively by SEK 42 M.

Sales in the EMEA region amounted to SEK 320 M (243), representing growth of 32 percent. Growth totaled 27 percent in local currency terms. Sales in the Americas region amounted to SEK 267 M (204) during the fourth quarter, corresponding to growth of 31 percent. Growth totaled 56 percent in local currency terms. The Asia region reported sales of SEK 72 M (54), generating growth of 34 percent. Growth totaled 36 percent in local currency terms.

Invoiced sales per product group, SEK M	Q4 2009	Q4 2008	2009	2008
Video	645.8	480.4	2 244.9	1 885.2
Print	9.9	10.8	39.4	47.0
Scan	3.1	7.5	12.7	32.9
Other	0.0	1.7	3.7	9.7
TOTAL	658.8	500.5	2 300.7	1 974.8

Invoiced sales per region, SEK M	Q4 2009	Q4 2008	2009	2008
EMEA	319.9	243.2	1 001.1	947.4
Americas	266.8	203.6	1 085.4	852.5
Asia	72.1	53.7	214.2	174.9
TOTAL	658.8	500.5	2 300.7	1 974.8

Operating profit

Full-year 2009

The Group's operating profit for the year totaled SEK 308 M (341), corresponding to an operating margin of 13.4 percent (17.2). The gross margin weakened slightly during the year owing to keen competition on a weak market and to some extent due to currency effects and amounted to 53.7 percent (55.0). Profit before tax was SEK 307 M (340) and profit after tax was SEK 218 M (252). Changes in exchange rates impacted operating profit positively by SEK 37 M.

The fourth quarter

Operating profit during the fourth quarter amounted to SEK 121 M (SEK 49 M), corresponding to an operating margin of 18.3 percent (9.9). Profit before tax was SEK 120 M (49). Profit after tax amounted to SEK 85 M (45). The gross margin continued to be stable and totaled 52.5 percent

(53.8). Changes in exchange rates had a negative impact of SEK 5 M on operating profit.

Condensed income statement, SEK M	Q4 2009	Q4 2008	2009	2008
Net sales	658,8	500,5	2 300,7	1 974,8
Gross profit	345,8	269,2	1 236,2	1 087,1
<i>Gross margin</i>	<i>52,5 %</i>	<i>53,8 %</i>	<i>53,7 %</i>	<i>55,0 %</i>
Operating profit	120,6	49,4	308,1	340,6
<i>Operating margin</i>	<i>18,3 %</i>	<i>9,9 %</i>	<i>13,4 %</i>	<i>17,2 %</i>
Pretax profit	120,1	49,2	306,7	339,8

Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK 224 M (202) during the year. The high figure for accounts receivable is due to strong sales at the end of the year and less use of cash discounts. Net investments amounted to SEK 63 M (53). Capitalized development expenses amounted to SEK 38 M (26) during the year. Axis had at the end of year SEK 302 M in cash and cash equivalents, as well as unutilized credit facilities of SEK 200 M. Accordingly, the company had a total of SEK 502 M at its disposal at December 31, 2009.

Shareholders' equity

Consolidated shareholders' equity amounted to SEK 608 M (441). The total number of shares at the end of the period was 69,375,700 (69,373,700). After full exercise of outstanding warrants, the number of shares totaled 69,530,550 (69,530,550). The Group's equity/assets ratio at December 31, 2009 was 54.4 percent (51.3).

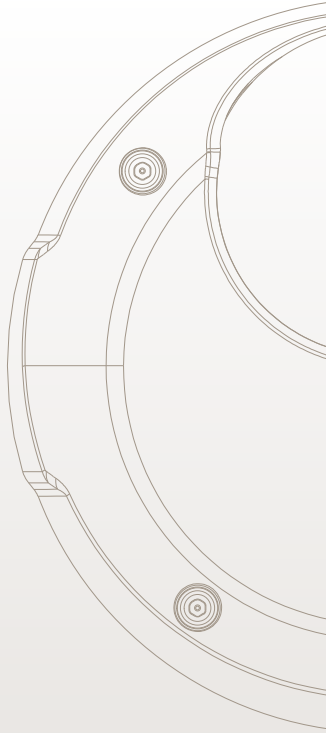
(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2008	0.7	275.0	13.7	262.0	551.4
Total comprehensive income for the period	-	-	-50.5	252.4	201.9
Dividend	-	-	-	-312.2	-312.2
Closing balance at Dec 31, 2008	0.7	275.0	-36.8	202.2	441.1
Opening balance at Jan 1, 2009	0.7	275.0	-36.8	202.2	441.1
Total comprehensive income for the period	-	-	36.2	217.8	254.0
Dividend	-	-	-	-86.7	-86.7
Closing balance at Dec 31, 2009	0.7	275.0	-0.6	333.3	608.4

Significant events during the fourth quarter

Axis continued its high release rate of high quality network video products during the period. In November three network cameras in AXIS P13 series were introduced which are excellent for installations within the government, retail and transportation sectors. Two of them deliver HDTV-quality video and thus are also suitable for installation in casinos where strict demands are made on image resolution.

In October, it was announced that Axis network cameras will be installed on Sydney's new commuter train, Waratah. The total installation is expected to comprise approximately 7,000 network cameras. The installation commenced during fall 2009 and is expected to continue over the next three to four years.

In December, it was announced that Axis network cameras would play a key role in a large-scale security project in Portuguese schools. More than 12,000 network cameras will be installed in order to provide increased security to public schools in a cost effective manner. The



installation commenced in August 2009 and is expected to continue during 2010.

After the end of the period, Axis became the first company on the market to launch complete thermal network cameras for surveillance. The new network cameras use thermal imaging, which makes it possible to detect people and incidents with greater reliability in complete darkness and other difficult conditions. The cameras are suitable for installation in surveillance systems in a large number of customer segments, for example public administration, the transport sector, city surveillance, and within the education system.

Outlook for 2010

After a year of considerable uncertainty surrounding market developments and where the day-to-day work was carried out subject to a very short time horizon, it may be stated that several of the uncertainties now appear to have stabilized. There is a risk of supply disruptions during the first half year 2010 due to component shortages. Notwithstanding the stabilization, the immediate future is still difficult to judge and it is unclear when and in which way the market recovery will occur.

Some factors are clear, however:

- The long-term shift from analog video solutions to network systems continues to imply strong long-term growth potential for Axis' products.
- With a broad and constantly growing product portfolio and a very competitive offering, Axis is well-equipped for the future.
- The broad and large network of partners means that Axis is well-represented and can offer customized solutions on most markets.

Axis' overall goals remain unchanged. The company's goal is to strengthen the company's position as the market-leading supplier of network video solutions. To maintain market shares and its leading position as well as to meet the increasing competition on the market, Axis will continue to pursue its focused strategy during the year. This strategy includes the launch of innovative network video products, the advancement of partnerships, as well as expansion and recruitment.

The Axis share

The company's share is listed on the OMX Nordic Exchange, Stockholm AB on the Mid Cap segment, under the ticker AXIS. Share trading during the period from January 1 through December 31, 2009 averaged SEK 11.4 M per day. On average, 172,521 shares per day were traded during the same period. The average share price during the period was SEK 66.83. The total number of shares in the company at the end of the period was 69,375,700.

Nominating Committee

Axis' nominating committee is composed of representatives from the three largest shareholders; Therese Karlsson (LMK Industri AB), Christer Brandberg (Inter Indu (Luxembourg) S.à.r.l.) and Martin Gren (AB Grenspecialisten). Christer Brandberg is Chairman and Convener. Proposals and viewpoints from shareholders concerning the composition of the Board of Directors may be submitted in writing to the following address: Axis AB, Attn. Adrienne Jacobsen, Emdalavägen 14, 223 69 Lund, Sweden, or by phone on +46 46 272 18 00.

Accounting principles

This year-end report is prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. For information on the accounting principles applied, see the 2008 Annual Report. The accounting principles are unchanged, compared with those applied in 2008.

Risks and uncertainties

Axis' operations are subject to a number of risks and uncertainties, which are stated in the Annual Report for 2009. As of December 31, it is our assessment that no new significant risks or uncertainties have arisen. A decision was taken at the start of the 2010 fiscal year to discontinue the currency hedging policy applied during the 2009 fiscal year and to change to only hedging flows on a project basis instead. This is not expected to have a significant impact on earnings for 2010.

The Parent Company

The Parent Company's operations are primarily focused on company-wide administration. The Parent Company has no employees. Sales totaled SEK 11 M (24). Operating profit amounted to SEK -3 M (-3). Cash and cash equivalents totaled SEK 147 M (133) and borrowing was 0 (0). No investments have taken place during the interim period.

Reporting dates

Axis will report on the following dates in 2010;

- Interim report, January–March – Tuesday, April 20
- Half-year report – Wednesday, July 7
- Interim report, January–September – Friday, October 15.

Annual General Meeting

Axis' Annual General Meeting will take place on April 21 at 5 p.m. in Lund. Venue to be announced subsequently.

Dividend

The Board of Directors proposes a dividend of SEK 4.00 (1.25), of which SEK 2.75 is an extraordinary dividend. Axis' dividend policy is to declare a dividend amounting to approximately one third of the profit for the year after tax, taking the Group's target equity/assets ratio into consideration.

The company's unappropriated earnings amounted to SEK 391 M at December 31, 2009. The Board anticipates a continued positive trend during the 2010 fiscal year. The view of the Board of Directors is that the proposed dividend will not prevent the company from fulfilling its obligations over the short or long term or from making necessary investments.

Lund, February 3, 2010

The Board of Directors of Axis AB and the President

Consolidated income statement

(SEK M)	Q4 2009	Q4 2008	2009	2008
Net sales	658.8	500.5	2 300.7	1 974.8
Cost of sold products and services	-313.0	-231.3	-1 064.5	-887.7
Gross profit	345.8	269.2	1 236.2	1 087.1
Other revenues and changes in value	15.3	-3.8	-49.2	8.8
Selling and marketing costs	-126.5	-117.7	-455.5	-403.8
Administrative costs	-25.0	-22.6	-91.3	-82.9
Research and development costs	-89.0	-75.7	-332.1	-268.6
Operating profit *	120.6	49.4	308.1	340.6
Financial expenses	-0.5	-0.2	-1.4	-0.8
Pretax profit	120.1	49.2	306.7	339.8
Tax	-35.0	-4.1	-88.9	-87.4
Net profit for the period	85.1	45.1	217.8	252.4
Other comprehensive income				
Cash flow hedges	-14.9	-34.7	51.2	-48.7
Hedging of net investments	-2.9	-20.3	6.9	-25.7
Exchange rate differences	-2.7	5.0	-6.6	3.8
Tax attributable to components in other comprehensive income	4.7	14.7	-15.3	20.1
Other comprehensive income for the period, net after tax	-15.8	-35.3	36.2	-50.5
Net profit for the period	69.3	9.8	254.0	201.9
Total comprehensive income attributable to:				
The Parent Company's shareholders	69.3	9.8	254.0	201.9
Earnings per share before dilution, SEK	1.23	0.65	3.14	3.64
Earnings per share after dilution, SEK	1.23	0.65	3.14	3.63
Average number of shares before dilution, thousands	69 374	69 374	69 374	69 374
Average number of shares after dilution, thousands	69 423	69 452	69 423	69 452

* Net effects of hedging and changes in exchange rates in underlying liabilities and receivables denominated in foreign currencies have impacted operating profit positively by SEK 14 M (negatively by 6) for the fourth quarter and negatively by SEK 51 M (negatively by 1) for 2009.

Cash-flow statement

(SEK M)	Q4 2009	Q4 2008	2009	2008
Cash flow from operating activities before change in working capital	96.0	7.5	299.0	244.3
Change in working capital	-10.3	-35.1	-75.2	-12.9
Cash flow from operating activities	85.7	-27.6	224.0	231.4
Cash flow from investment activities	-23.0	-15.5	-62.2	-55.3
Cash flow from financing activities	3.8	-	-73.4	-346.8
Cash flow for the period	66.5	-43.1	88.4	-170.7
Cash and cash equivalents, beginning of period	235.3	256.5	213.4	384.1
Cash and cash equivalents, end of period	301.8	213.4	301.8	213.4

Consolidated balance sheet

(SEK M)	Dec 31, 2009	Dec 31, 2008
Fixed assets	130.9	105.8
Inventories	224.0	248.7
Accounts receivable and other receivables	461.6	291.4
Cash and cash equivalents	301.8	213.4
Total	1 118.3	859.3
Shareholders' equity	608.4	441.1
Long-term liabilities	61.7	30.8
Current liabilities	448.2	387.4
Total	1 118.3	859.3

Key figures

	Q4 2009	Q4 2008	2009	2008
Net sales growth (%)	31.6	4.6	16.5	18.2
Gross margin (%)	52.5	53.8	53.7	55.0
Operating margin (%)	18.3	9.9	13.4	17.2
Profit margin (%)	18.2	9.8	13.3	17.2
Depreciation/amortization (SEK M) *	38.7	40.6	38.7	40.6
Shareholders' equity (SEK M)	608	441	608	441
Capital employed (SEK M)	683	472	683	472
Interest-bearing liabilities (SEK 000s)	0	0	0	0
Net debt (SEK 000s) **	302	213	302	213
Total assets (SEK M)	1118	859	1118	859
Return on capital employed (%) *	53.4	64.1	53.4	64.1
Return on total capital *	31.2	38.4	31.2	38.4
Return on equity (SEK M) *	43.1	49.3	43.1	49.3
Interest-coverage ratio (times) *	220.1	411.9	220.1	411.9
Equity/assets ratio (%)	54.4	51.3	54.4	51.3
Share of risk-bearing capital (%)	58.8	54.0	58.8	54.0
Capital turnover ratio (times)	4.0	3.7	4.0	3.7
Number of employees (average for the period)	774	705	764	663
Sales per employee (SEK M) *	3.0	2.8	3.0	3.0
Operating profit per employee (SEK M) *	0.4	0.5	0.4	0.5

* Nyckeltalen har i förekommande fall omräknats till rullande 12-månadersvärden.

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

Per-share data

	Dec 31, 2009	Dec 31, 2008
Share price at end of period, SEK	83.75	57.50
Dividend, SEK	1.25	4.50
P/E multiple	27	16
Earnings per share before dilution, SEK	3.14	3.64
Earnings per share after dilution, SEK	3.14	3.63
Average number of shares before dilution, thousands	69 374	69 374
Average number of shares after dilution, thousands	69 423	69 452
Number of shares outstanding (thousand)	69 376	69 374

Quarterly data

Invoiced sales per product group (SEK M)	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Video	309.2	368.2	412.7	439.8	409.5	472.9	522.4	480.4	509.7	531.3	558.1	645.8
Print	18.7	29.6	15.3	15.4	13.6	12.0	10.6	10.8	11.0	9.5	9.0	9.9
Scan	4.6	8.5	9.6	17.7	12.2	5.9	7.3	7.5	8.2	0.8	0.6	3.1
Other	5.7	4.0	6.5	5.7	2.3	3.0	2.8	1.7	2.7	0.6	0.3	0.0
TOTAL	338.2	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2	568.0	658.8

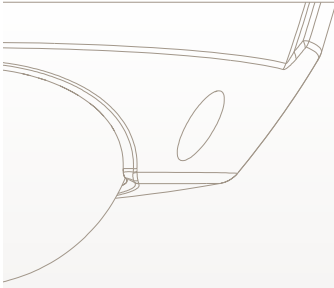
Invoiced sales per region (SEK M)	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
EMEA	161.3	181.7	212.3	245.0	220.5	249.0	234.7	243.2	223.0	222.5	235.6	319.9
Americas	141.9	179.3	198.2	194.9	173.8	211.7	263.4	203.6	259.2	277.8	281.6	266.8
Asia	35.0	49.3	33.8	38.6	43.3	33.1	44.9	53.7	49.4	41.9	50.8	72.1
TOTAL	338.2	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2	568.0	658.8

Parent Company income statement

(SEK M)	2009	2008
Net sales	10.9	23.6
Gross profit	10.9	23.6
Administrative costs	-14.3	-26.3
Operating profit	-3.4	-2.7
Result from participations in Group companies	306.4	351.4
Financial income	132.7	30.3
Financial expenses	-80.3	-133.1
Pretax profit	355.4	245.9
Change in tax allocation reserve	-76.2	-78.5
Tax	-76.6	-50.4
Net profit for the period	202.6	116.9

Parent Company balance sheet

(SEK M)	Dec 31, 2009	Dec 31, 2008
Fixed assets	2.3	2.3
Receivables from Group companies	529.5	364.6
Accounts receivable and other receivables	0.6	0.4
Tax receivables	0.8	32.0
Cash and cash equivalents	146.9	132.5
Total	680.1	531.8
Shareholders' equity	391.7	275.7
Untaxed reserves	263.6	187.4
Tax liabilities	1.1	0.8
Current liabilities	23.7	67.9
Total	680.1	531.8



Review report

We have reviewed this report for the year 2009 for Axis AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Lund, February 3, 2010

Öhrlings PricewaterhouseCoopers AB

Bertil Johanson

Authorised Public Accountant

Auditor in charge

Analyst & press conference

Axis will hold a teleconference for media and financial analysts today, February 3 at 10 a.m.

A presentation is available on <http://www.axis.com/corporate/investor/index.php>

Time: 3 February at 10 a.m.

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