

Interim report January–March 2010



- Net sales during the period amounted to SEK 643 M (532).
- Operating profit during the period amounted to SEK 95 M (46).
- Profit before tax for the period amounted to SEK 95 M (46).
- Profit after tax for the period totaled SEK 69 M (33).
- Earnings per share for the period amounted to SEK 1.00 (0.48).

President's comments

The positive sales trend from the end of 2009 for network video products continued during the first quarter of the year. Sales of SEK 643 M corresponds to growth of 21 percent, which adjusted for negative foreign currency effects resulted in growth of 36 percent in local currency terms.

At the same time, all three regions displayed robust growth; the strongest growth of all was achieved in the Asia region.

Axis continued to broaden its product portfolio with the release of a large number of high quality network video products.

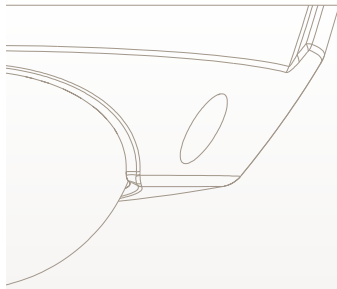
The expansion plans are continuing with recruitment within sales, marketing, research and development as well as establishment of sales offices. The number of employees amounted to 786 at the end of the period, which implies a slightly lower recruitment rate for the full-year than planned.

Ray Mauritsson
President

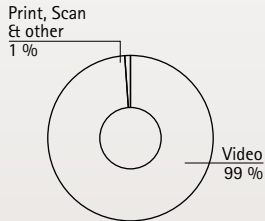
About Axis Communications. *Axis is an IT company offering network video solutions for professional installations. The company is the global market leader in network video, driving the ongoing shift from analog to digital video surveillance. Axis products and solutions focus on security surveillance 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.



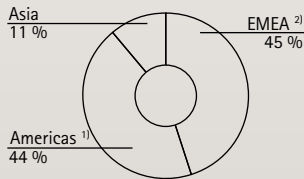


Invoiced sales per product group, Q1 2010



Product area Video represents 99 % of Axis' sales.

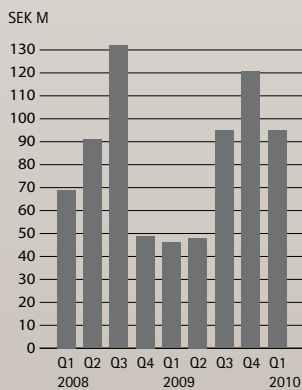
Invoiced sales per region, Q1 2010



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

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

Operating profit / EBIT



Sales

Net sales for the period January–March totaled SEK 643 M (532), an increase of 21 percent in Swedish kronor and 36 percent in local currency terms compared with the same period of the preceding year. Foreign currency effects during the period impacted sales negatively by SEK 82 M.

Sales in the Americas region amounted to SEK 285 M (260), generating growth of 10 percent in Swedish kronor and 31 percent in local currency terms. The Asia region reported sales of SEK 66 M (50), corresponding to growth of 34 percent in Swedish kronor and 47 percent in local currency terms. Sales in the EMEA region amounted to SEK 291 M (223), generating growth of 30 percent in Swedish kronor and 40 percent in local currency terms.

Invoiced sales per product group, SEK M	Q1 2010	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Video	633.1	509.7	531.3	558.1	645.8
Print	5.9	11.0	9.5	9.0	9.9
Scan	1.4	8.2	0.8	0.6	3.1
Other	2.2	2.7	0.6	0.3	0.0
TOTAL	642.6	531.6	542.2	568.0	658.8

Invoiced sales per region, SEK M	Q1 2010	Q1 2009	Q2 2009	Q3 2009	Q4 2009
EMEA	291.0	223.0	222.5	235.6	319.9
Americas	285.2	259.2	277.8	281.6	266.8
Asia	66.4	49.4	41.9	50.8	72.1
TOTAL	642.6	531.6	542.2	568.0	658.8

Operating profit

The Group's operating profit amounted to SEK 95 (46), corresponding to an operating margin of 14.8 percent (8.7) for the first quarter. The gross margin was negatively impacted, in particular by foreign currency effects but also by certain strategic price reductions and amounted to 52.0 percent (55.8) during the period.

Profit before tax was SEK 95 M (46) and profit after tax was SEK 69 M (33). The total foreign currency effect amounted to SEK -18 M.

Condensed income statement, SEK M	Q1 2010	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Net sales	642.6	531.6	542.2	568.0	658.8
Gross profit	333.8	296.7	296.7	297.0	345.8
Gross margin	52.0 %	55.8 %	54.7 %	52.3 %	52.5 %
Operating profit	95.2	46.4	46.4	94.6	120.6
Operating margin	14.8 %	8.7 %	8.6 %	16.7 %	18.3 %
Pretax profit	94.9	46.2	46.0	94.3	120.1

Cash flow, investments and financial position

The cash flow from operating activities amounted to SEK 35 M (47). Net investments totaled SEK 10 M. Capitalized development expenses amounted to SEK 4 M during the period. Axis had SEK 324 M in cash and cash equivalents, as well as unutilized credit facilities of SEK 200 M. Accordingly, the company had a total of SEK 524 M at its disposal at March 31, 2010.

Shareholders' equity

Consolidated shareholders' equity totaled SEK 685 M. The total number of shares at the end of the period was 69,377,000. After full exercise of outstanding warrants, the number of shares amounted to 69,530,550. The Group's equity/assets ratio was 54.4 percent (53.0) at March 31, 2009.

(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2009	0.7	275.0	-36.8	202.2	441.1
Total comprehensive income for the period	-	-	11.1	33.1	44.2
Dividend	-	-	-	-	-
Closing balance at 31 March, 2009	0.7	275.0	-25.7	235.3	485.3
Opening balance at Jan 1, 2010	0.7	275.0	-0.6	333.3	608.4
Total comprehensive income for the period	-	-	7.4	69.3	76.7
Dividend	-	-	-	-	-
Closing balance at 31 March, 2010	0.7	275.0	6.8	402.6	685.1

Significant events during the first quarter

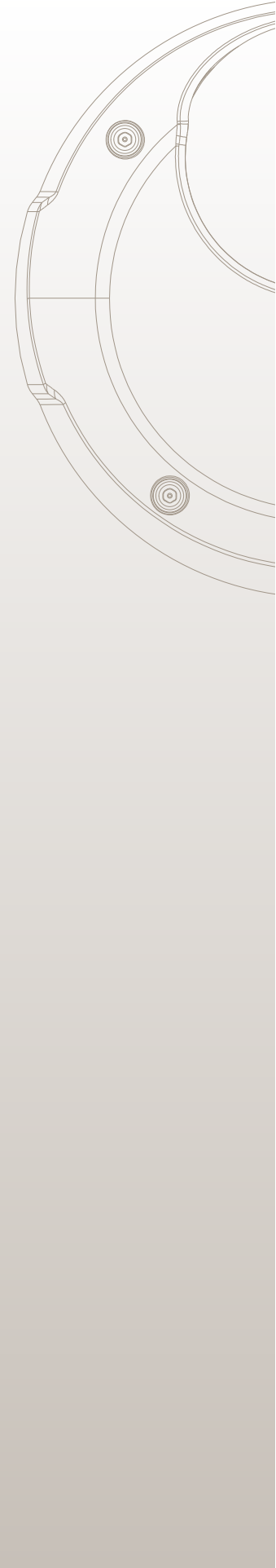
It was announced in February that Axis' network cameras are to be installed in busses in Prague. The 3,500 network cameras of the AXIS 209FD-R model shall be part of an internal surveillance system in the busses. The system boosts security for travellers and helps to clear up incidents such as vandalism and other offences. The installation commenced in November 2009 and is expected to fully completed during 2014.

It was announced in March that Axis' network cameras will be installed on 2,300 busses in Madrid. Each bus will be equipped with three network cameras and a video encoder. The network video products will form part of a security system aimed at improving passengers' safety and security. The installation began at the end of 2009 and will be finished at the end of 2010.

During the period, Axis continued its high release rate of high quality network video products.

- The AXIS Q6032 PTZ Dome network camera was released in March, a camera within the Q60 series which is easy to install and may be usefully deployed in environments such as airports and train stations as well as in the retail sector. The camera delivers HDTV quality images, offering high image quality. The camera can zoom in on an area of special interest, while simultaneously monitoring an extensive area.
- The P55 series was extended with a further model, the AXIS P5532 network camera aimed at customers requiring a cost-effective surveillance camera which is easy to install indoors e.g. in warehouses, at shopping centers and in schools.
- Additional network cameras were announced during the period within the AXIS P13 series. AXIS P1347 and AXIS P1347-E are cameras which deliver HDTV quality images and are equipped with precise iris control, offering high image quality.
- The AXIS M11 network cameras were released in March, which are a series of fixed cameras developed to suit security installations e.g. in stores, schools and in public places.

Proactive efforts have enabled Axis to efficiently manage the continued component shortage situation in a satisfactory manner during the period. Since the customs classification of net-



work video products is unclear on several markets, discussions were conducted with different customs authorities in order to define the correct classification of our products.

Outlook for 2010

After a year of great uncertainty regarding the market trend, the market now appears to have stabilized in several respects. The positive sales trend from the end of 2009 has continued during the beginning of the year. At the same time, there is still some risk of supply disruptions due to component shortages. Although the stabilization, the immediate future is difficult to judge and it is unclear how sustainable the recovery is.

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 constantly broadening of the 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.

The company's goal is to continue strengthening the position as the market leading supplier of network video solutions. To achieve the goals and meet the increasing competition, Axis will continue its focused strategy which involves the release of innovative network video products as well as advancing partnerships which provide a local presence globally.

The Axis share

The company's share is listed on NASDAQ OMX Nordic. The average daily trading volume during the period January 1 until March 31, 2009 amounted to SEK 615 M per day. On average, 145 544 shares per day were traded during the same period. The average share price during the period was SEK 81.85. The total number of shares in the company at the end of the period was 68,377,000.

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 2009 Annual Report. New accounting standards which became effective on January 1, 2010 have had no impact on the consolidated financial statements as at March 31, 2010. The accounting policies are unchanged, compared with those applied in 2009.

Risks and uncertainties

Axis' operations are subject to a number of risks and uncertainties, which are described in the 2009 Annual Report. As of March 31, it is our assessment that no new significant risks or uncertainties have arisen.

Parent Company

The parent company's operations are primarily focused on company-wide administration. The parent company has no employees. Operating profit amounted to SEK 0.7 M (-0.6). Cash and cash equivalents totaled SEK 168 M (58) and borrowing was 0 (0).

Reporting dates

Axis will report on the following dates in 2010.

- Half-year report – Wednesday, July 7
- Interim report, January–September – Friday, October 15

Annual General Meeting

The Annual General Meeting will be held on April 21, 2010 at 5:00 p.m. at Edison Park, Lund. The board of directors proposes a dividend of SEK 4.00 (1.25), of which SEK 2.75 constitutes an extra dividend.

Lund, April 20, 2010

Ray Mauritsson

President

Consolidated income statement

(SEK M)	Q1 2010	Q1 2009	Full year 2009	Q209–Q110 12 months
Net sales	642.5	531.6	2,300.7	2,411.6
Cost of sold products and services	-308.8	-234.9	-1,064.5	-1,138.3
Gross profit	333.8	296.7	1,236.2	1,273.3
Other revenues and changes in value	-4.2	-25.9	-49.2	-27.5
Selling and marketing costs	-123.0	-120.9	-455.5	-457.6
Administrative costs	-27.6	-23.5	-91.3	-95.4
Research and development costs	-83.8	-80.0	-332.1	-335.9
Operating profit *	95.2	46.4	308.1	356.9
Financial expenses	-0.3	-0.2	-1.4	-1.5
Pretax profit	94.9	46.2	306.7	355.4
Tax	-25.6	-13.1	-88.9	-101.4
Net profit for the period	69.3	33.1	217.8	254.0
Other comprehensive income				
Cash flow hedges	9.4	14.4	51.2	46.2
Hedging of net investments	0.3	-4.4	6.9	11.6
Exchange rate differences	0.3	3.7	-6.6	-10.0
Tax attributable to components in other comprehensive income	-2.6	-2.6	-15.3	-15.3
Other comprehensive income for the period, net after tax	7.4	11.1	36.2	32.5
Net profit for the period	76.7	44.2	254.0	286.5
Total comprehensive income attributable to:				
The Parent Company's shareholders	76.7	44.2	254.0	286.5
Earnings per share before dilution, SEK	1.00	0.48	3.14	3.66
Earnings per share after dilution, SEK	1.00	0.48	3.14	3.66
Average number of shares before dilution, thousands	69,377	69,374	69,374	69,377
Average number of shares after dilution, thousands	69,440	69,432	69,423	69,440

* Net effects of hedging and changes in exchange rates in underlying liabilities and receivables denominated in foreign currencies have impacted operating profit negatively by SEK 4 M (-27).

Cash-flow statement

(SEK M)	Q1 2010	Q1 2009	Full year 2009	Q209–Q110 12 months
Cash flow from operating activities before change in working capital	68.5	68.9	299.2	298.8
Change in working capital	-33.9	-22.3	-75.2	-86.8
Cash flow from operating activities	34.6	46.6	224.0	212.0
Cash flow from investment activities	-9.7	-7.2	-62.2	-64.7
Cash flow from financing activities	-2.3	-	-73.4	-75.7
Cash flow for the period	22.6	39.4	88.4	71.6
Cash and cash equivalents, beginning of period	301.8	213.4	213.4	252.8
Cash and cash equivalents, end of period	324.4	252.8	301.8	324.4

Consolidated balance sheet

(SEK M)	March 31, 2010	March 31, 2009	Dec 31, 2009
Fixed assets	127.0	103.4	130.9
Inventories	303.8	267.6	224.0
Accounts receivable and other receivables	504.2	292.6	461.6
Cash and cash equivalents	324.4	252.8	301.8
Total	1,259.4	916.4	1,118.3
Shareholders' equity	685.1	485.3	608.4
Long-term liabilities	76.0	47.5	61.7
Current liabilities	498.3	383.5	448.2
Total	1,259.4	916.4	1,118.3

Key figures

	Q1 2010	Q1 2009	Full year 2009
Net sales growth (%)	20.9	21.5	16.5
Gross margin (%)	52.0	55.8	53.7
Operating margin (%)	14.8	8.7	13.4
Profit margin (%)	14.8	8.7	13.3
Depreciation/amortization (SEK M) *	39.2	39.8	38.7
Shareholders' equity (SEK M)	685	485	608
Capital employed (SEK M)	761	495	670
Interest-bearing liabilities (SEK 000s)	0	0	0
Net debt (SEK 000s) **	324	253	302
Total assets (SEK M)	1,259	916	1,118
Return on capital employed (%) *	49.9	65.9	54.0
Return on total capital *	30.0	35.9	31.2
Return on equity (SEK M) *	40.5	50.6	43.1
Interest-coverage ratio (times) *	237.9	531.0	220.1
Equity/assets ratio (%)	54.4	53.0	54.4
Share of risk-bearing capital (%)	60.6	57.1	58.8
Capital turnover ratio (times)	0.9	1.1	4.0
Number of employees (average for the period)	784	739	764
Sales per employee (SEK M) *	3.1	2.8	3.0
Operating profit per employee (SEK M) *	0.5	0.4	0.4

* The key figures have been recalculated to full-year values.

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

Per-share data

	March 31, 2010	March 31, 2009	Dec 31, 2009
Share price at end of period, SEK	107.25	47.20	83.75
Dividend, SEK	4.00*	1.25	1.25
P/E multiple	27	25	27
Earnings per share before dilution, SEK	1.00	0.48	3.14
Earnings per share after dilution, SEK	1.00	0.48	3.14
Average number of shares before dilution, thousands	69,377	69,374	69,374
Average number of shares after dilution, thousands	69,440	69,432	69,423
Number of shares outstanding (thousand)	69,377	69,374	69,376

* Proposed dividend.

Quarterly data

Invoiced sales per product group (SEK M)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Video	368.2	412.7	439.8	409.5	472.9	522.4	480.4	509.7	531.3	558.1	645.8	633.1
Print	29.6	15.3	15.4	13.6	12.0	10.6	10.8	11.0	9.5	9.0	9.9	5.9
Scan	8.5	9.6	17.7	12.2	5.9	7.3	7.5	8.2	0.8	0.6	3.1	1.4
Other	4.0	6.5	5.7	2.3	3.0	2.8	1.7	2.7	0.6	0.3	0.0	2.2
TOTAL	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2	568.0	658.8	642.6

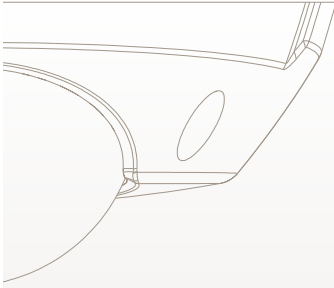
Invoiced sales per region (SEK M)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
EMEA	181.7	212.3	245.0	220.5	249.0	234.7	243.2	223.0	222.5	235.6	319.9	291.0
Americas	179.3	198.2	194.9	173.8	211.7	263.4	203.6	259.2	277.8	281.6	266.8	285.2
Asia	49.3	33.8	38.6	43.3	33.1	44.9	53.7	49.4	41.9	50.8	72.1	66.4
TOTAL	410.3	444.2	478.6	437.5	493.8	543.0	500.5	531.6	542.2	568.0	658.8	642.6

Parent Company income statement

(SEK M)	Q1 2010	Q1 2009	Full year 2009
Net sales	1.5	3.0	10.9
Gross profit	1.5	3.0	10.9
Administrative costs	-2.2	-3.6	-14.3
Operating profit	-0.7	-0.6	-3.4
Result from participations in Group companies	-	-	306.4
Financial income	21.1	7.3	132.7
Financial expenses	-10.3	-36.9	-80.3
Pretax profit	10.1	-30.2	355.4
Change in tax allocation reserve	-	-	-76.2
Tax	-2.7	-	-76.6
Net profit for the period	7.4	-30.2	202.6

Parent Company balance sheet

(SEK M)	March 31, 2010	March 31, 2009	Dec 31, 2009
Fixed assets	2.3	2.3	2.3
Receivables from Group companies	488.8	412.1	529.5
Accounts receivable and other receivables	1.9	0.2	0.6
Tax receivables	7.4	25.4	0.8
Cash and cash equivalents	168.2	57.6	146.9
Total	668.6	497.6	680.1
Shareholders' equity	399.1	245.5	391.7
Untaxed reserves	263.6	187.4	263.6
Tax liabilities	1.0	1.0	1.1
Current liabilities	4.9	63.7	23.7
Total	668.6	497.6	680.1



Review report

We have reviewed this report for the period January 1 to March 30, 2010, for Axis Group AB (publ). The board of directors and the CEO 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 a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information 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 has a different focus and 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 a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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

Lund, April 20, 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.

Time: Tuesday, April 20 at 10 a.m.

Phone number: +46 (0)8 5052 01 10

Participants from Axis AB will be:

Ray Mauritsson, President and Fredrik Sjöstrand, CFO.

A recorded version of the teleconference will be available for ten business days on:

+46 (0)8 5052 0333, specify: 863245.

Or contact:

Margareta Lantz

Manager, Investor Relations & Corporate Communications

Phone:+46 (0)46 272 18 00

