

Interim Report July-September 2014.

Ray Mauritsson, CEO

Fredrik Sjöstrand, CFO



The market leader in network video

Employees*

1867

Total sales**

SEK

4.7

billion

USD

724

million

1984 – founded
as IT company

65,000 partnerships
in **179** countries

Own offices in more
than **40** countries

*Q3 2014 **December 31, 2013

Highlights Q3

- > Underlying market trend unchanged
- > Stable inventory levels in distribution since Q2
- > Strong margins
- > Continued high pace in innovation and recruitment



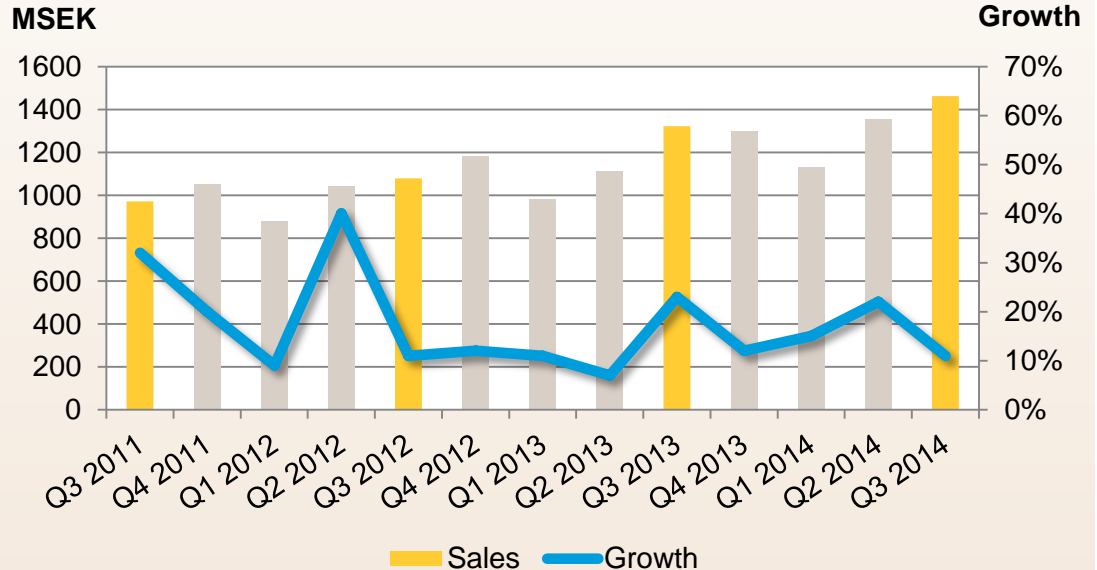
Sales Q3, 2014

January - September

- > Sales of 3,946 MSEK (3,418)
- > YoY growth of 15%
- > YoY growth of 14% in local currencies

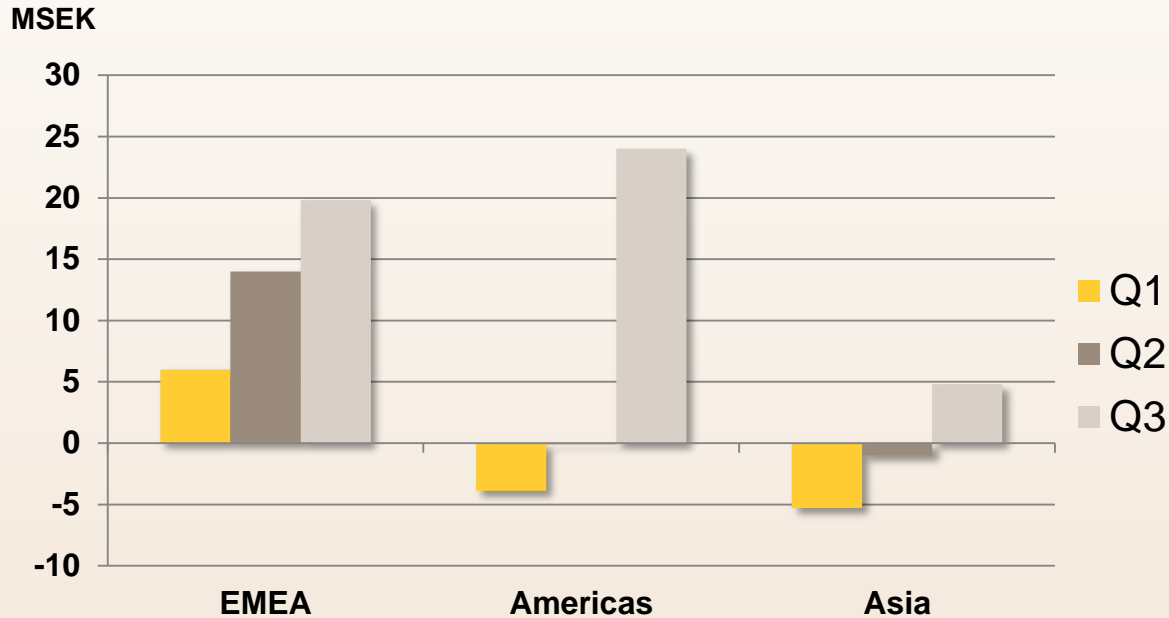
July – September

- > Sales of 1,462 MSEK (1,322)
- > YoY growth of 11%
- > YoY growth of 7% in local currencies



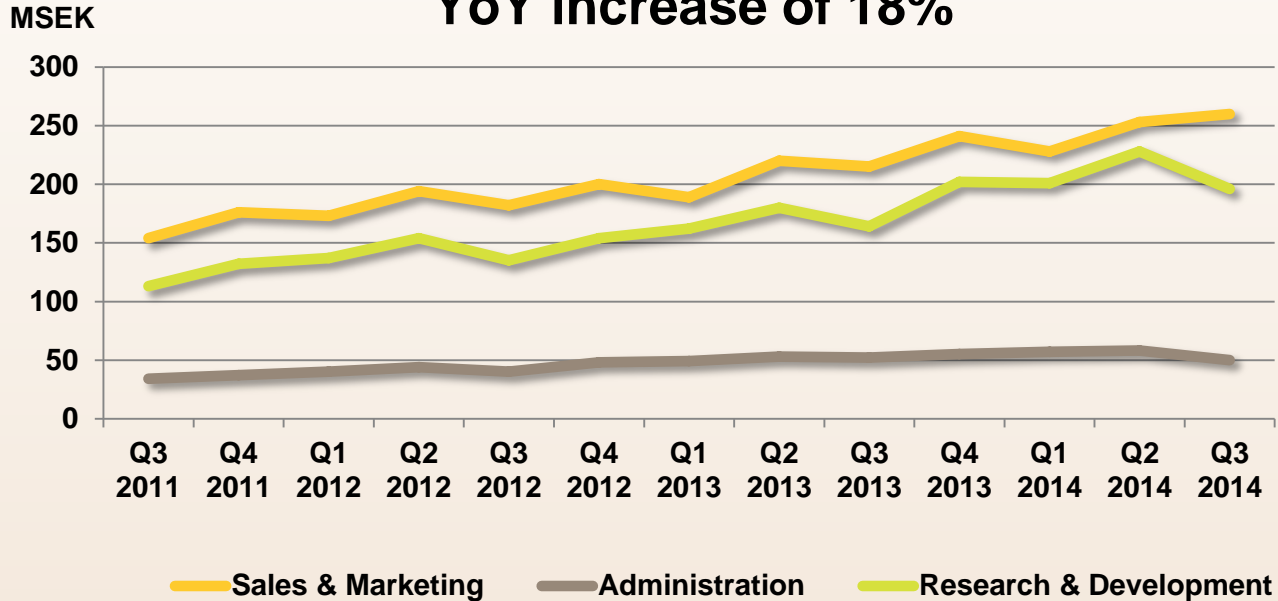
Regional currency effects on sales Q3, 2014

Positive currency effect of 49 MSEK



Operating expenses Q3 2011 – Q3 2014

OPEX of 506 MSEK
YoY increase of 18%



Margins Q3, 2014

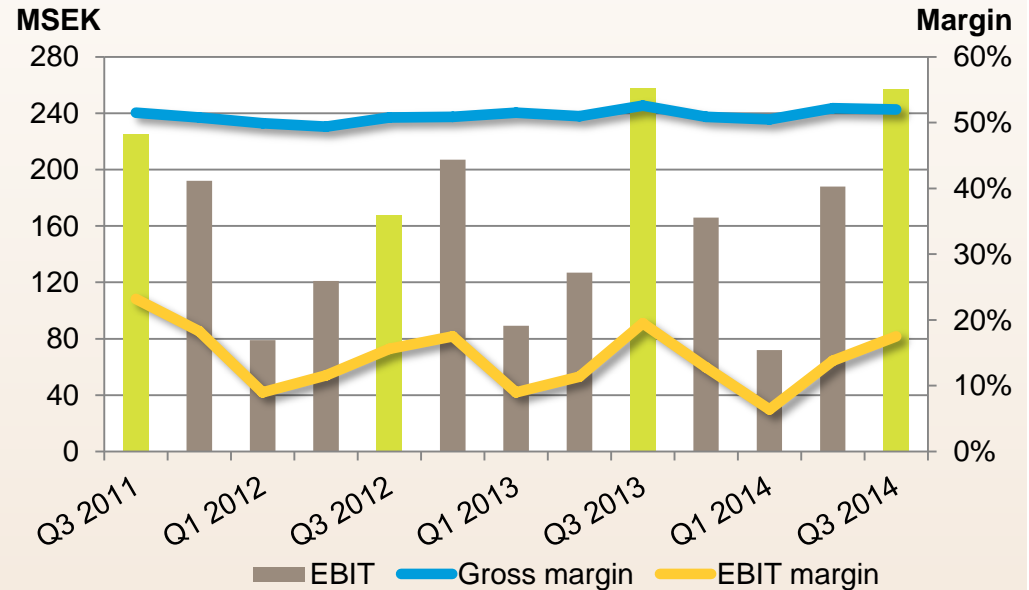
January - September

- > Gross margin of 51.6% (51.8%)
- > EBIT margin of 13.1% (13.9%)
- > Profit margin of 13.0% (13.8%)

July - September

- > Gross margin of 52.0% (52.6%)
- > EBIT margin of 17.5% (19.5%)
- > Profit margin of 17.3% (19.5%)

High margins in quarter

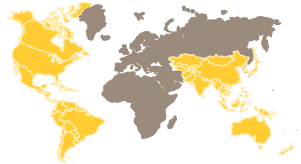
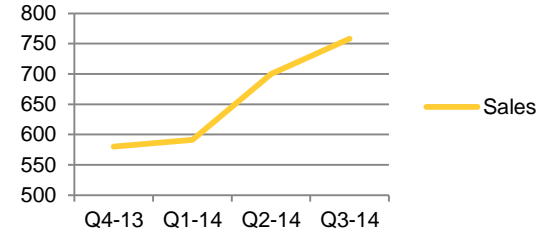


Regional development Q3, 2014



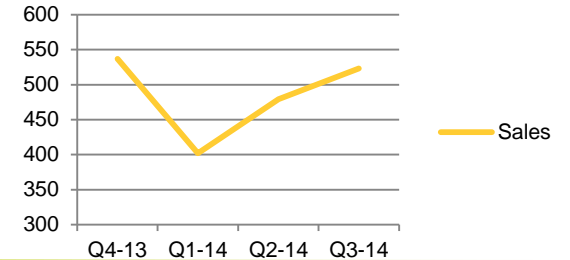
Americas
52%
of sales

- > Total sales of 758 MSEK (653)
- > Local growth of 12%



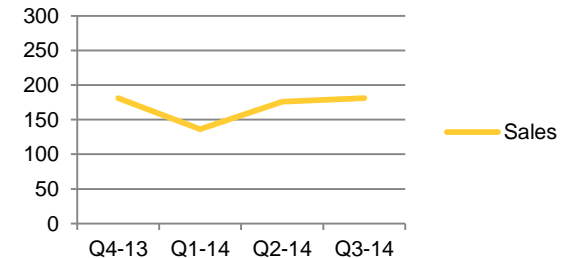
EMEA
36%
of sales

- > Total sales of 523 MSEK (511)
- > Local growth of -2%



Asia
12%
of sales

- > Total sales of 181 MSEK (158)
- > Local growth of 11%



Selection of product releases Q3, 2014

AXIS Q6000-E



- > Easy integration with new and installed AXIS Q60 cameras
- > Ideal for large indoor and outdoor areas

AXIS S10 Recorder



- > Complete surveillance camera solution to mid-size segment
- > Easy to install and intuitive to use with optimized functionality

AXIS Access Control



- > Card reader to add to current door controller offering
- > Access Control now available in EMEA

AXIS S10 Recorder Series



Out-of-the box ready recording solutions for mid-size market

- > Three models optimized and verified up to 64 channels
- > Axis Camera Station software and licenses preloaded
- > Takes full advantage of Axis' wide range of products and product features
- > Supported as complete solution by Axis' support staff

Continued investments for long-term growth

- > Investments in network video solutions
 - Strengthen partner network
 - Expansion in emerging markets
 - Focus on solutions for low camera count installations
 - Innovative new solutions
- > New businesses initiatives
 - Leverage the global business model
 - Leverage technology know-how



Outlook

Short-term perspective

- > Unchanged view on underlying market growth trend
- > Continued hiring to support expansion and product development

Long-term perspective

- > Good market conditions for a continued positive development within network video, 16-22% growth
- > Strong focus on innovation for future network video opportunities



