

# Interim report

## January - September 2018



### Third quarter

- > Net sales increased by 20 percent during the third quarter to SEK 2,695 M (2,253). Net sales increased by 13 percent in local currencies.
- > Operating profit amounted to SEK 460 M (365), which corresponds to an operating margin of 17.1 percent (16.2).
- > Net profit for the period amounted to SEK 353 m (278).
- > Earnings per share amounted to SEK 5.08 (4.01).

### January - September

- > Net sales increased by 15 percent during the period to SEK 7,354 M (6,399). Net sales increased by 15 percent in local currencies.
- > Operating profit amounted to SEK 1,067 M (808), which corresponds to an operating margin of 14.5 percent (12.6).
- > Net profit for the period amounted to SEK 811 M (604).
- > Earnings per share amounted to SEK 11.67 (8.70).

## President's comments

The third quarter showed good growth compared to the year-earlier period. An important factor was a continued strong global market. The relatively low growth in EMEA is explained by a combination of reasons, such as lowered stock levels for some bigger distributors and weak sales in some big countries in EMEA. Our strong growth feels particularly positive in light of the continued challenging situation in the global components market.

Profitability was also good during the third quarter. As in previous years, profitability for this period was positively impacted by seasonally lower costs.

During the quarter, we maintained a high tempo in our development operations and could present several new products and solutions. In particular, it is worth mentioning our new AXIS P3717-PLE camera model, which has already received several awards and generated great interest in the market.

Our growth was also reflected by the number of employees, which now reaches more than 3,100. We grow in Lund as well in our offices around the world. As we reported previously this year, we have also opened a software development office in Linköping, Sweden. It is great to see the big interest in Axis in that region. We are looking forward to welcoming more employees to Axis in the near future.



Ray Mauritsson  
President

**About Axis Communications** Axis enables a smarter and safer world by creating network solutions that provide insights for improving security and new ways of doing business. As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, and audio systems. Axis has more than 3,000 dedicated employees in over 50 countries and collaborates with partners worldwide to deliver customer solutions. Founded in 1984, Axis is a Sweden-based company listed on the NASDAQ Stockholm under the ticker AXIS. For more information about Axis, please visit our website [www.axis.com](http://www.axis.com)





## Events during the third quarter

### Successful development operations

Axis' innovation and development work delivered continued good results during the quarter, and several new products were unveiled for the market.

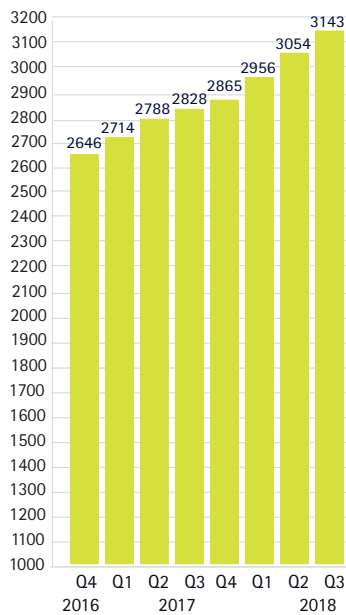
AXIS P3717-PLE is a model featuring four varifocal camera heads in one camera. This offers a 360-degree panoramic overview or a combination of overviews and zoomed in details. Using IR illumination technology, the camera provides clear images even in darkness. Equipped with an integrated weathershield, it can be used both indoors and outdoors.



The AXIS Q17 Network Camera Series was expanded with the AXIS Q1785-LE and AXIS Q1786-LE models to meet the market's increasing need for powerful zoom levels, for example in order to identify faces or license plates from a long distance. Featuring 32x zoom, the cameras can be installed at a significant distance from the target area.

The AXIS P9106-V is specifically designed to be mounted in corners, for example for use in elevators. It can cover up to 130 degrees horizontally and 95 degrees vertically, which means there are no angles that are not captured by the camera when it is mounted in a corner. Network audio can also be added by pairing with AXIS T6112 Audio and I/O Interface.

### Number of employees

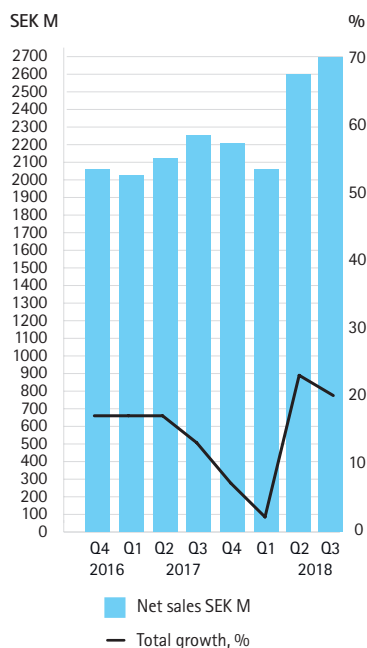


### Awarding-winning innovation

During the third quarter, Axis received several awards, in particular for the new AXIS P3717-PLE camera model. At the Intersec Awards in Dubai, it was the winner in the "Video Surveillance Camera of the Year Award" category, and it was awarded "Best New Product" at Security 2018 in Melbourne.

# Comments on the income statement and balance sheet

## Net sales



## Net sales

### Third quarter

Net sales for the third quarter amounted to SEK 2,695 M (2,253), which was an increase of 20 percent. Sales increased by 13 percent in local currency. Foreign currency effects impacted sales positively by SEK 156 M.

Net sales in the EMEA region amounted to SEK 843 M (794) during the third quarter, corresponding to growth of 6 percent. Growth was 0 percent in local currency.

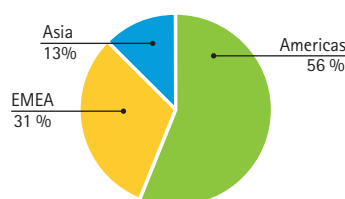
Net sales in the Americas region amounted to SEK 1,518 M (1,190) during the third quarter, corresponding to growth of 28 percent. Growth increased by 20 percent in local currency.

Net sales in the Asia region amounted to SEK 334 M (270) during the third quarter, corresponding to growth of 24 percent. Growth increased by 17 percent in local currency.

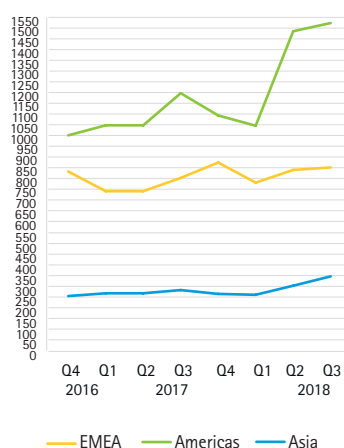
### January - September

Net sales during the period January-September amounted to SEK 7,354 M (6,399), an increase of 15 percent in Swedish kronor and 15 percent in local currency. Foreign currency effects impacted sales negatively during the period by SEK 13 M.

## Net sales per region Q3 2018



## Net sales per region, SEK M



Net sales per product group (SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q4 17-Q3 18 12 months
Video	2,510.3	2,116.5	6,833.4	6,016.0	8,074.7	8,892.1
Other	184.5	136.6	520.7	382.6	527.9	665.9
<b>TOTAL</b>	<b>2,694.7</b>	<b>2,253.1</b>	<b>7,354.0</b>	<b>6,398.6</b>	<b>8,602.6</b>	<b>9,558.0</b>

Net sales per region (SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q4 17-Q3 18 12 months
EMEA	843.1	793.6	2,446.5	2,221.5	3,087.3	3,312.3
Americas	1,518.1	1,189.7	4,035.8	3,409.2	4,495.4	5,122.0
Asia	333.5	269.8	871.7	767.9	1,019.9	1,123.7
<b>TOTAL</b>	<b>2,694.7</b>	<b>2,253.1</b>	<b>7,354.0</b>	<b>6,398.6</b>	<b>8,602.6</b>	<b>9,558.0</b>

Timing of revenue recognition (SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q4 17-Q3 18 12 months
Goods transferred to customer at one point in time	2,691.5	2,253.0	7,343.1	6,398.4	8,602.3	9,546.9
Goods and services transferred to customer over time	3.2	0.1	11.0	0.2	0.3	11.1
<b>TOTAL</b>	<b>2,694.7</b>	<b>2,253.1</b>	<b>7,354.0</b>	<b>6,398.6</b>	<b>8,602.6</b>	<b>9,558.0</b>



## Earnings

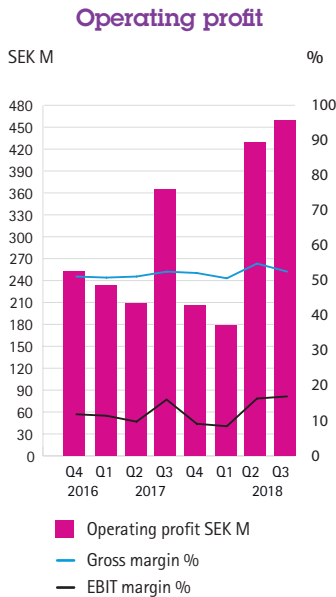
### Third quarter

Operating profit during the third quarter amounted to SEK 460 M (365), which corresponds to an operating margin of 17.1 percent (16.2). The relatively strong operating margin was partly explained by seasonally lower costs. Gross margin remains at a stable level and amounted to 52.7 percent (52.7) during the quarter.

Profit before tax was SEK 460 M (364). Net profit for the period amounted to SEK 353 M (278). Exchange rate fluctuations impacted operating profit positively by SEK 7 M, compared to the year-earlier period.

### January - September

The group's operating profit during the period amounted to SEK 1,067 M (808), which is equivalent to an operating margin of 14.5 percent (12.6). Gross margin amounted to 53.0 percent (51.7). Profit before tax was SEK 1,066 M (806) and net profit for the period was SEK 811 M (604). Exchange rate fluctuations impacted operating profit positively by SEK 6 M, compared to the year-earlier period.



Condensed income statement (SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q4 17-Q3 18 12 months
Net sales	2,694.7	2,253.1	7,354.0	6,398.6	8,602.6	9,558.0
Gross profit	1,419.5	1,186.3	3,895.7	3,306.8	4,458.8	5,047.7
Gross margin, %	52.7	52.7	53.0	51.7	51.8	52.8
Operating profit	459.9	364.7	1,067.2	808.0	1,013.9	1,273.1
Operating margin, %	17.1	16.2	14.5	12.6	11.8	13.3
Profit before tax	460.1	363.8	1,066.3	806.1	1,011.0	1,271.2

## Cash flow, investments and financial position

Cash flow from operating activities for the period January-September amounted to SEK 567 M (1,120). Net investments totaled SEK 365 M (357), of which capitalized development costs amounted to SEK 50 M (59). Axis had SEK 1,639 M (1,557) in cash and cash equivalents at the end of the period, as well as unutilized credit facilities of SEK 0 M (50). Accordingly, the company had a total of SEK 1,639 M (1,607) at its disposal at September 30, 2018.

## Equity

Consolidated equity amounted to SEK 3,843 M (2,913). The total number of shares at the end of the period was 69,461,250 (69,461,250). Axis has no outstanding stock option programs. The group's equity/assets ratio was 64.8 percent (62.8) at September 30, 2018.

## Parent Company

The parent company's operations are primarily focused on company-wide administration. The parent company has no employees. During the period, net sales amounted to SEK 117 M (98) and operating profit amounted to SEK 71 M (47). Cash and cash equivalents at the end of the period amounted to SEK 787 M (972) and borrowing was SEK 0 M (0). Investments in the parent company amounted to SEK 0 M (8) during the period.



## Outlook

The market activity and 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, as well as a broadening of Axis' offering. 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 number of risks and uncertainties, which are described in the 2017 Annual Report. No new material risks have arisen during 2018.

### Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. In addition to the following, the Group applies the accounting and valuation principles and judgement criteria applied in the 2017 Annual Report. No new or revised IFRS standards, which became effective in 2018, have had any material impact on the group. The parent company's financial statements have been prepared according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

From January 1, 2018, two new standards became effective that are applied by the group; IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. For IFRS 9, Axis has chosen to apply the simplified method, which means earlier recognition of credit losses. As the group had very few credit losses, the effect of the new standard has been insignificant. With regard to IFRS 15, the group has chosen to use a prospective application approach. The standard has not had any effect on the consolidated income statement as no change has occurred of when revenue is recognized. However, IFRS 15 has resulted in expanded disclosure requirements, as stated in this report, where the time for revenue recognition is now also reported. For other disclosures, refer to the latest published Annual Report for 2017.

During 2018, Axis has also continued the work on evaluating the effect of the implementation of IFRS 16. The new standard will have an effect on the group's financial reporting, but the extent of this has not yet been evaluated.

### Annual General Meeting

Axis' Annual General Meeting will be held at 3.00 p.m. on Wednesday, April 11, 2019 at the company's premises at Emdalavägen 14, Lund.

### 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 108,645 shares during the period January-September 2018, which gave an average turnover of 590 shares per trading day, to a value of SEK 199,083. The average price of the share during the period was SEK 339.

### Reporting dates

Axis will report on the following dates during the 2019 fiscal year:

Year-end report: January 29

Interim report, January-March: April 17

Interim report, January-June: July 11

Interim report, January-September: October 16

The CEO certifies that the interim report report gives a true and fair view of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties facing the company and the companies included in the Group.

Lund, October 18, 2018

Ray Mauritsson  
*President*



# Review report

Axis AB (publ), corporate identity number 556241-1065

To the Board of Directors of Axis AB (publ)

## Introduction

We have reviewed the condensed interim financial information (Interim Report) of Axis AB (publ) as of September 30, 2018 and the nine-month period that ended on this date. 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 a conclusion on this interim report 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 smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices.

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 accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act.

Malmö, October 18, 2018

Ernst & Young AB

Johan Thuresson

*Authorized Public Accountant*

## Consolidated comprehensive income

(SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q417-Q318 12 months
Net sales	2,694.7	2,253.1	7,354.0	6,398.6	8,602.6	9,558.0
Cost of goods and services sold	-1,275.2	-1,066.8	-3,458.3	-3,091.8	-4,143.8	-4,510.3
Gross profit	1,419.5	1,186.3	3,895.7	3,306.8	4,458.8	5,047.7
Other revenues and changes in value	-18.8	-33.8	-8.2	-68.3	-59.7	0.4
Selling and marketing expenses	-454.0	-368.1	-1,297.1	-1,114.7	-1,547.1	-1,729.5
Administrative expenses	-103.0	-78.7	-308.8	-253.8	-351.7	-406.7
Research and development expenses	-383.8	-341.0	-1,214.4	-1,062.0	-1,486.4	-1,638.8
Operating profit*	459.9	364.7	1,067.2	808.0	1,013.9	1,273.1
Net financial items	0.2	-0.9	-0.9	-1.9	-2.9	-1.9
Profit before tax	460.1	363.8	1,066.3	806.1	1,011.0	1,271.2
Taxes	-106.9	-85.6	-255.4	-202.0	-275.2	-328.6
Net profit for the period	353.2	278.2	810.9	604.1	735.8	942.6
Other comprehensive income						
Items that later may be transferred to the income statement						
Exchange differences	36.9	-6.3	56.2	20.3	51.3	87.2
Other comprehensive income for the period, net after tax	36.9	-6.3	56.2	20.3	51.3	87.2
Total comprehensive income for the period	390.1	271.9	867.1	624.4	787.1	1,029.8
Total comprehensive income attributable to:						
Parent company's shareholders	390.1	271.9	867.1	624.4	787.1	1,029.8
Earnings per share for the period, SEK	5.08	4.01	11.67	8.70	10.59	13.57
Number of shares, average, thousands	69,461	69,461	69,461	69,461	69,461	69,461

\*Net effects of changes in exchange rates in underlying receivables and liabilities in foreign currencies have impacted operating profit negatively by SEK 22 M (negatively by SEK 38 M) in the third quarter and negatively by SEK 16 M (negatively by SEK 73 M) during the period January - September.

## Consolidated balance sheet, condensed

(SEK M)	September 30, 2018	September 30, 2017	December 31, 2017
Non-current assets	1,812.7	1,405.7	1,562.1
Inventories	1,213.6	809.4	803.3
Trade receivables*	859.3	660.3	780.7
Other receivables	317.0	208.0	239.2
Short-term investments	89.6	0.0	89.2
Cash and cash equivalents	1,638.5	1,556.6	1,537.5
Total	5,930.7	4,640.0	5,012.0
Equity	3,842.6	2,912.8	3,075.5
Non-current liabilities	340.2	384.1	357.7
Trade payables	792.1	590.2	633.2
Other current liabilities	955.8	752.9	945.6
Total	5,930.7	4,640.0	5,012.0

\*This item includes receivables from contract manufacturers of SEK 16 M (SEK 10 M).

## Consolidated equity, condensed

(SEK M)	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Opening balance at Jan 1, 2017	0.7	279.2	14.8	2,057.6	2,352.3
Total comprehensive income for the period	-	-	20.3	604.1	624.4
Dividend	-	-	-	-63.9	-63.9
Closing balance at Sept 30, 2017	0.7	279.2	35.1	2,597.8	2,912.8
Opening balance at Jan 1, 2018	0.7	279.2	66.1	2,729.5	3,075.5
Total comprehensive income for the period	-	-	56.2	810.9	867.1
Dividend	-	-	-	-100.0	-100.0
Closing balance at Sept 30, 2018	0.7	279.2	122.3	3,440.4	3,842.6

## Consolidated statement of cash flows, condensed

(SEK M)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017	Q4 17-Q3 18 12 months
Cash flow from operating activities before change in working capital	469.4	407.5	959.1	861.6	983.7	1,081.2
Change in working capital	-219.0	138.8	-392.5	257.9	380.3	-270.1
Cash flow from operating activities	250.4	546.3	566.7	1,119.5	1,364.0	811.1
Cash flow from investing activities	-53.6	-147.6	-364.6	-356.5	-530.5	-538.7
Cash flow from financing activities	-0.3	-0.3	-101.0	-64.8	-154.3	-190.5
<b>Cash flow during the period</b>	<b>196.5</b>	<b>398.4</b>	<b>101.0</b>	<b>698.3</b>	<b>679.2</b>	<b>81.9</b>
Cash and cash equivalents at the start of the period	1,442.0	1,158.2	1,537.5	858.3	858.3	1,556.6
Cash and cash equivalents at the end of the period	1,638.5	1,556.6	1,638.5	1,556.6	1,537.5	1,638.5

## Key ratios (see note 1)

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017
<i>Net sales growth (%)</i>	19.6	12.8	14.9	20.1	16.5
<i>Gross margin (%)</i>	52.7	52.7	53.0	51.7	51.8
<i>Operating margin (%)</i>	17.1	16.2	14.5	12.6	11.8
<i>Profit margin (%)</i>	17.1	16.1	14.5	12.6	11.8
Depreciation/amortization (SEK M)*	180.4	175.2	180.4	175.2	175.9
Equity (SEK M)	3,843	2,913	3,843	2,913	3,075
Equity/assets ratio (%)	64.8	62.8	64.8	62.8	61.4
Total assets (SEK M) *	5,931	4,640	5,931	4,640	5,012
Interest-bearing liabilities (SEK M)	1	2	1	2	2
Net receivables, (SEK M)	1,637	1,554	1,637	1,554	1,535
<i>Capital employed (SEK M)</i>	<i>3,844</i>	<i>2,915</i>	<i>3,844</i>	<i>2,915</i>	<i>3,078</i>
<i>Return on capital employed (%)*</i>	<i>36.9</i>	<i>40.3</i>	<i>36.9</i>	<i>40.3</i>	<i>37.4</i>
<i>Return on equity (%)*</i>	<i>28.7</i>	<i>31.4</i>	<i>28.7</i>	<i>31.4</i>	<i>29.1</i>
Number of employees (average for the period)	3,110	2,819	3,017	2,758	2,783
Sales per employee (SEK M)*	3.1	3.0	3.2	3.1	3.1
Operating profit per employee (SEK M)*	0.4	0.4	0.4	0.4	0.4

\*Key ratios have been recalculated to rolling 12-month values where appropriate.

## Per-share data

	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Share price at end of the period, SEK	345.00	339.40	339.90
Dividend, SEK	1.44	0.92	0.92
P/E ratio*	25	30	32
Earnings per share, SEK	11.67	8.70	10.59
Number of shares, average, thousands	69,461	69,461	69,461
Number of outstanding shares, thousands	69,461	69,461	69,461

\*The PE ratio has been recalculated to rolling 12-month values.



## Quarterly data

Net sales per product group (SEK M)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Video	1,738.8	1,546.9	1,714.9	1,864.1	1,941.8	1,901.4	1,998.1	2,116.5	2,058.7	1,896.8	2,426.3	2,510.3
Other	19.6	20.1	47.8	133.1	117.0	125.3	120.7	136.6	145.3	161.3	174.9	184.5
<b>TOTAL</b>	<b>1,758.4</b>	<b>1,567.0</b>	<b>1,762.7</b>	<b>1,997.2</b>	<b>2,058.8</b>	<b>2,026.7</b>	<b>2,118.8</b>	<b>2,253.1</b>	<b>2,204.0</b>	<b>2,058.1</b>	<b>2,601.2</b>	<b>2,694.7</b>

Net sales per region (SEK M)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
EMEA	739.5	585.7	565.2	671.0	823.8	732.4	695.6	793.6	865.8	772.0	831.4	843.1
Americas	832.0	810.0	984.1	1,068.9	992.7	1,039.7	1,179.7	1,189.7	1,086.2	1,038.2	1,479.5	1,518.1
Asia	186.9	171.3	213.4	257.3	242.3	254.6	243.5	269.8	252.0	247.9	290.3	333.5
<b>TOTAL</b>	<b>1,758.4</b>	<b>1,567.0</b>	<b>1,762.7</b>	<b>1,997.2</b>	<b>2,058.8</b>	<b>2,026.7</b>	<b>2,118.8</b>	<b>2,253.1</b>	<b>2,204.0</b>	<b>2,058.1</b>	<b>2,601.2</b>	<b>2,694.7</b>

Timing of revenue recognition (SEK M)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Goods transferred to customer at one point in time	1,758.4	1,567.0	1,762.7	1,997.2	2,058.8	2,026.6	2,118.8	2,253.0	2,203.9	2,056.1	2,595.5	2,691.5
Goods and services transferred to customer over time	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	2.0	5.7	3.2
<b>TOTAL</b>	<b>1,758.4</b>	<b>1,567.0</b>	<b>1,762.7</b>	<b>1,997.2</b>	<b>2,058.8</b>	<b>2,026.7</b>	<b>2,118.8</b>	<b>2,253.1</b>	<b>2,204.0</b>	<b>2,058.1</b>	<b>2,601.2</b>	<b>2,694.7</b>

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net sales growth (%)	16.9	15.7	9.1	4.8	17.1	15.0	20.2	12.8	7.1	1.5	22.8	19.6
Gross profit (SEK M)	867.1	785.5	876.0	989.4	1,055.9	1,034.0	1,086.5	1,186.3	1,152.0	1,045.9	1,430.2	1,419.5
Gross margin (%)	49.3	50.1	49.7	49.5	51.3	51.0	51.3	52.7	52.3	50.8	55.0	52.7
Operating profit (SEK M)	231.2	153.1	166.8	312.2	252.9	234.3	209.0	364.7	205.9	178.0	429.2	459.9
Operating margin (%)	13.1	9.8	9.5	15.6	12.3	11.6	9.9	16.2	9.3	8.6	16.5	17.1

## Parent company income statement

(SEK M)	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017
Net sales	116,6	97,7	131,3
Gross profit	116,6	97,7	131,3
Administrative expenses	-45,5	-50,4	-68,6
<b>Operating profit</b>	<b>71,1</b>	<b>47,3</b>	<b>62,7</b>
Financial income	4,8	38,0	31,8
Financial expenses	-32,7	-3,5	-5,5
<b>Profit/loss after financial items</b>	<b>43,2</b>	<b>81,8</b>	<b>89,0</b>
Appropriations	-	-	904,5
Tax	-9,5	-18,0	-219,3
<b>Net profit for the period*</b>	<b>33,7</b>	<b>63,8</b>	<b>774,2</b>

\*Net profit for the period is consistent with total income for the period.

## Parent company balance sheet, condensed

(SEK M)	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Non-current assets	72.8	76.9	119.4
Receivables from group companies	1,632.4	1,139.4	1,695.5
Trade receivables and other receivables	3.1	2.1	2.4
Tax assets	132.4	81.0	0.0
Short-term investments	90.6	0.0	89.3
Cash and cash equivalents*	786.7	972.0	959.3
<b>Total</b>	<b>2,718.0</b>	<b>2,271.4</b>	<b>2,865.9</b>
Equity	1,921.4	1,277.4	1,987.7
Untaxed reserves	777.9	976.0	777.9
Liabilities to group companies	3.2	2.2	3.3
Current liabilities	15.5	15.8	97.0
<b>Total</b>	<b>2,718.0</b>	<b>2,271.4</b>	<b>2,865.9</b>

\*Cash and cash equivalents include corporate bonds of SEK 47 M (0).

## **Note 1 Key ratios**

### **1.1 Definitions**

#### **Return on equity**

Profit after financial items less full tax divided by average equity.

#### **Return on capital employed**

Profit after financial items plus financial expenses divided by average capital employed.

#### **Gross margin**

Gross profit as a percentage of net sales.

#### **Net receivables**

Net interest-bearing receivables and liabilities.

#### **Sales per employee**

Net sales divided by the average number of employees.

#### **P/E ratio**

Share price divided by earnings per share.

#### **Earnings per share**

Net profit for the year divided by the average number of shares.

#### **Operating margin**

Operating profit as a percentage of net sales.

#### **Operating profit per employee**

Operating profit divided by the average number of employees.

#### **Equity/assets ratio**

Equity as a percentage of total assets.

#### **Capital employed**

Total assets less non interest-bearing liabilities including deferred tax liability.

#### **Profit margin**

Profit before tax as a percentage of net sales.

### **1.2 Aim**

#### **Return on equity**

The key ratio shows the operation's return on the equity contributed by the shareholders and is thus a measurement of how profitable the group is. Investors can compare this metric with current bank interest or returns from alternative investments. The metric can also be used to compare profitability between companies in the same industry.

#### **Return on capital employed**

The key ratio shows the operation's return on the equity that the shareholders and lenders have made available. The metric thus shows the group's return, independent of financing choice, and can be used in connection with investment evaluations.

#### **Net receivables**

The key ratio is useful for users of financial statements as a complement to evaluate the possibility of dividends and strategic investments and also to evaluate the group's potential to meet its financial obligations.

#### **Sales per employee**

The key ratio shows users of financial statements how effectively the company's employees contribute to sales.

#### **P/E ratio**

The P/E ratio gives an indication of how long it will take before investors get back their money, provided that profits remain unchanged.

#### **Operating profit per employee**

The key ratio is used to show how each employee contributes to the group's operating profit.

#### **Equity/assets ratio**

The key ratio shows how large a proportion of the assets are financed with equity. The metric can be of interest when evaluating the group's solvency in the longer term.

### 1.3 Reconciliation with financial statements according to IFRS

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Full-year 2017
<b>Return on equity</b>					
Profit after financial items R12	1,271	1,059	1,271	1,059	1,011
Full tax	-280	-233	-280	-233	-222
Profit after financial items R12 less full tax	992	826	992	826	789
Average equity	3,459	2,633	3,459	2,633	2,714
	28.7%	31.4%	28.7%	31.4%	29.1%
<b>Return on capital employed</b>					
Profit after financial items R12	1,271	1,059	1,271	1,059	1,011
Financial expenses R12	-7	-4	-7	-4	-6
Profit after financial items R12 plus financial expenses	1,278	1,063	1,278	1,063	1,017
Average capital employed	3,461	2,635	3,461	2,635	2,716
	36.9%	40.3%	36.9%	40.3%	37.4%
<b>Net receivables</b>					
Cash and cash equivalents	1,639	1,557	1,639	1,557	1,537
Interest-bearing liabilities	-1	-2	-1	-2	-2
	1,637	1,554	1,637	1,554	1,535
<b>Sales per employee</b>					
Net sales R12	9,558	8,457	9,558	8,457	8,603
Average number of employees	3,110	2,819	3,017	2,758	2,783
	3.1	3.0	3.2	3.1	3.1
<b>P/E ratio</b>					
Share price at end of the period	345.00	339.40	345.00	339.40	339.90
Earnings per share R12	13.57	11.13	13.57	11.13	10.59
	25	30	25	30	32
<b>Operating profit per employee</b>					
Operating profit R12	1,273	1,061	1,273	1,061	1,014
Average number of employees	3,110	2,819	3,017	2,758	2,783
	0.4	0.4	0.4	0.4	0.4
<b>Equity/assets ratio</b>					
Equity	3,843	2,913	3,843	2,913	3,075
Total assets	5,931	4,640	5,931	4,640	5,012
	64.8%	62.8%	64.8%	62.8%	61.4%

Some of the key ratios such as gross margin, earnings per share, operating margin and profit margin may be easily calculated from the financial statements. Thus these metrics are regarded as reconciled and are not presented above.

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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.

This information is such that Axis AB is required to make public pursuant to the EU's Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on October 18, 2018.