

AVIXA™, the Audiovisual and Integrated Experience Association, has published the monthly Pro-AV Business Index since September 2016, gauging sales and employment indicators for the pro-AV industry. The Index is calculated from a monthly survey tracking trends. Two diffusion indexes are created using this data, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion index is calculated based on the positive response frequency from those who indicated their business had 5 percent or more increases in billings/sales from the prior month plus half of the neutral response (an index of 50 indicates firms saw no increase or decline in the business activity; an index over 50 indicates an increase, while an index under 50 indicates a decline).

Anticipated Summer Lull

Highlights:

- The AV Sales Index (AVI-S) declined nearly three points from 67.4 to 64.6 in July. This is 6.9 points higher than the same month last year, which is consistent with the past two years having slower summer months. Overall, the panel points to new budgets, an uptick in projects, and new technologies as reasons for July growth. Others point to seasonality, the economy, and current political landscape (particularly with trade sanctions) as roadblocks to continued growth.
- The Non-Manufacturing ISM® Index (NMI) recorded a 3.4 point decrease for the month of July, signaling growth in non-manufacturing industries, but at a slower rate. The construction, transportation, and information sectors reported continued growth. Although many in the non-manufacturing industries have concerns about potential tariffs, many have a positive outlook about the economy and its effect on business.

“There is continued growth in the construction of new buildings and IT. Increased bond measure funding for K-12 and higher allows for more education technology projects.”

– Provider, Asia-Pacific

“We recently launched dozens of new products across all our commercial audio business lines. The market is responding very well to these new releases and demand is building accordingly.”

– Manufacturer, North America

“The overall economy continues to be robust and projects are being approved.”

– Provider, North America

“This is the usual July/August slower time, especially for live corporate events. It picks up immensely after Labor Day. That said, our revenues for those two months are up 300 percent over last year.”

– Live Events, North America

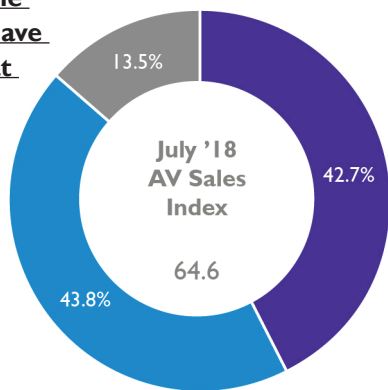
- The U.S. unemployment rate fell slightly from 4 percent to 3.9 percent but created an additional 157,000 jobs in July. Manufacturing, healthcare, and professional/business services all experienced an increase in employment. This is mirrored in AVIXA's AV Employment Index (AVI-E), with employment in the pro-AV industry growing from 62.9 in June to 64.1 in July. As with the June findings, many are looking to hire for

new positions, but are having difficulty finding qualified (and certified) workers.

- Manufacturing added 37,000 jobs, the largest gain since December, while health care employment increased by roughly 34,000 jobs in July. Construction continued its upward trend in July, adding 19,000 jobs.

Compared with the previous month, have the billings/sales at your location...

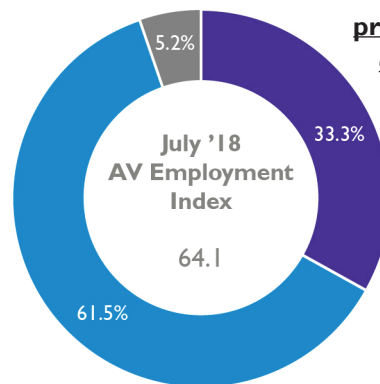
N-96



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

Compared with the previous month, is the overall employment at your location...

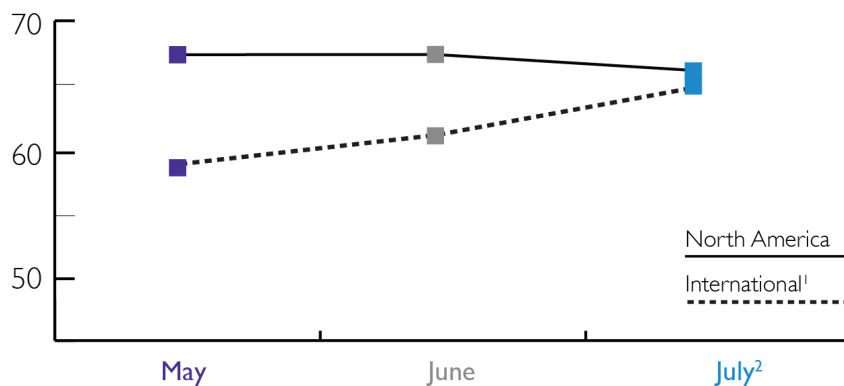
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- Employment increased significantly (5% or more)
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International Outlook

The July North American preliminary² Pro-AV Sales Index continues in a steady growth period at 66.3 for the month of July, as does the international index increasing to 65.5.



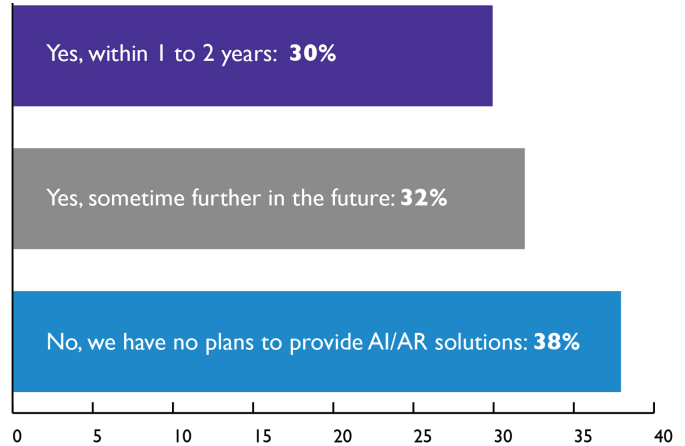
¹ Global regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. July 2018 index is preliminary, based on the average of June 2018 and July 2018 and will be final with August 2018 data in the next report.

Global regional indexes are three-month moving averages (based on prior, forward and current months) due to relative small sample size.

Will Artificial Intelligence (AI) and Augmented Reality (AR) become mainstream in AV?

Only 19 percent of providers who responded to this month's survey say they are already providing AI or AR services and products, while 41 percent of end users say they currently use these products/services at their place of business. This means there is a demand for this new technology and not many companies currently provide it. Sixty percent of providers say they expect to enter the AI or AR market at some point, in the future with 30 percent saying within the next one to two years. These new technologies can be adopted in almost every industry in some form, ranging from simulations of battlefields, to test driving a car one is considering purchasing, to changing how students work in a traditional lab class. New technology like AI, AR and VR are areas providers should watch as they become more popular among their clients.



Pro-AV Business Index, Historical Data (Previous 3 Months)

	May 2018	June 2018	July 2018
Pro-AV Sales Index*	65.0	67.4	64.6
Pro-AV Employment Index*	60.5	62.9	64.1

* For more data starting September 2016, please see past reports or join the panel to get the monthly report and data emailed to you directly.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 677 members of the AVIXA AV Intelligence Panel (AVIP), July 26 – August 5, 2018. A total of 162 AVIP members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their companies’ business conditions were factored in Index calculations. The AV Sales and AV Employment Indexes are computed as a diffusion index, with the monthly score calculated as the percentage of firms reporting a significant increase, plus half the percentage of firms reporting no change. Comparisons are always made to the previous month. Diffusion indexes, typically centered at a score of 50, are used frequently to measure change in economic activity. If an equal share of firms reports an increase as reports a decrease, the score for that month will be 50. A score above 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score below 50 indicates a decrease in activity. Any score above 50 indicates an increase in sales/billings.

About the AVIXA AV Intelligence Panel

The AVIXA AV Intelligence Panel (AVIP) is a research community of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the panel are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Surveys may be taken via your phone or computer.

In return for their time and effort, AVIXA AV Intelligence Panel members will be eligible to:

- Earn points toward Amazon online gift cards
- Include select questions of their own in panel surveys

The AVIXA AV Intelligence Panel is designed to be a global community, representative of the entire commercial AV value chain. AVIXA invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals, and AV technology managers to get involved. If you would like to join the panel, enjoy benefits, and share your insights with the AV industry, please apply at avixa.org/insight/marketintel/AVIP.