

Pro-AV Business Index

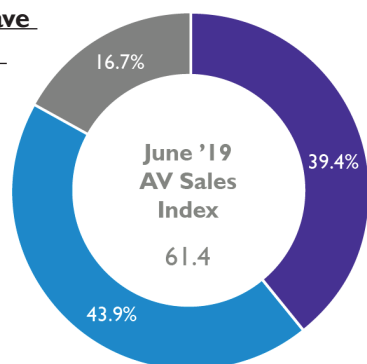
Released July 2019

“Steady Growth” is the Story of June

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 that tracks trends. Two diffusion indexes are created using the data, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion indexes are calculated based on the positive response frequency from those who indicated their business had 5 percent or more increase 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 of more than 50 indicates an increase, while an index less than 50 indicates a decline.

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

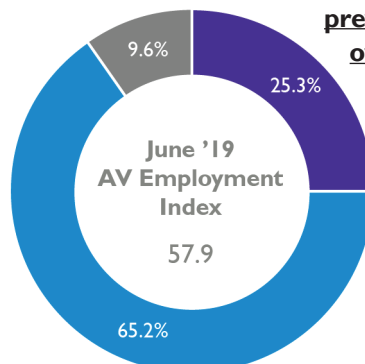
N-180



- 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...

N-198



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

Highlights:

- The Pro-AV Sales Index registered 61.4 this June, a sign of continued strong sales growth. The slightly negative side of this month's number is that it's a couple points lower than May's figure. Nonetheless, a score so far above the no net growth level should always be considered good news. Seasonal factors were again a common refrain, though in a complex global market, one business's slow month is often another one's best. Illustrating the cross-cutting nature of seasonality, one respondent noted that the scholastic summer break meant they could now complete a number of planned projects, while another reported that their business relied on school being in session. Several respondents identified the InfoComm 2019 trade show as having a positive impact on their business thanks to the relationships developed and the new technology released.
- The start of July marked a new record expansion for growth in the United States. The previous record had been 120 months, measured from March 1991 to March 2001. In addition to its length,

the expansion has been marked by its steadiness: Most quarters have been around 2 percent, and none have been above 4. No complaints though — slow and steady growth beats the heck out of volatility and recessions!

- The African Union announced a new “African Continental Free Trade Area” in June. The bloc comprises 55 countries and \$3.4 trillion of total annual economic activity. Of course, as shown in AVIXA’s Industry Outlook and Trends Analysis (IOTA), Africa is not the source of substantial pro-AV spending for the time being, but we see this as good news for two reasons. First, as an underdeveloped and populous continent, Africa has tremendous growth potential. Second, it’s welcome to see a win for free trade — no matter where — given the current climate of increased nationalism and protectionism.
- After a disappointing May, U.S. employment growth exceeded expectations in June. The economy added 224,000 jobs, comfortably above the expectation of 165,000. June’s strong number should reassure observers that May’s comparatively anemic growth was

only a blip. Pro AV also had a month of moderately disappointing growth. Like the U.S. jobs numbers, pro AV experienced a disappointing reduction in growth rate in May. Again paralleling the U.S., pro-AV job growth bounced back in June, ticking up to 57.9. Though not quite as strong a rebound, this still serves as a reassuring improvement.

“I work a lot with schools for productions and performances. Things taper off when school is not in session until we pick up other gigs to fill in the space.”

– Content Creator, North America

“Finally, we are completing some important projects with clients, such as universities, which have been stopped due to the school period.”

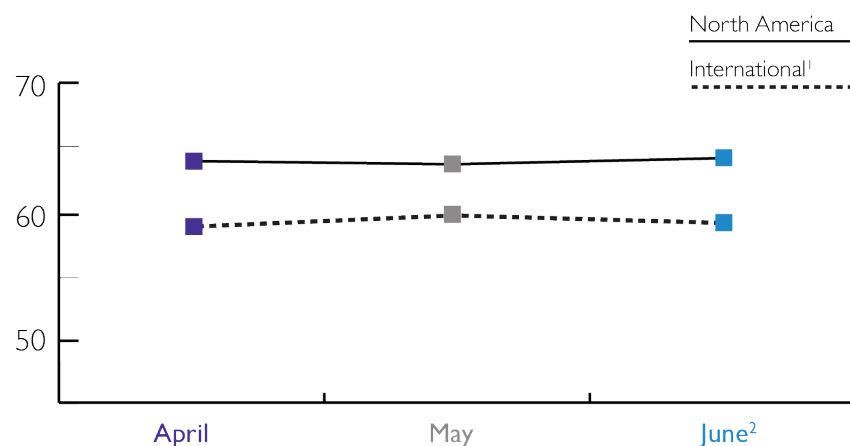
– AV Integrator, Europe

“InfoComm attracts a lot of organizations and helps to build good connection, but impact on June business is quite strong as lots of decision-makers are out visiting.”

– Software Developer, Europe

International Outlook

The regional preliminary² AV Sales Index showed continued divergent growth in June. Both North America and International showed growth comfortably above the neutral mark of 50, but the North American number exceeded the International one by about 6 points. In addition, this month the North American number ticked up just shy of a point while the international one edged down just shy of a point.



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

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. June 2019 index is preliminary, based on the average of May 2019 and June 2019 and will be final with July 2019 data in the next report.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 600 members of the AVIXA AV Intelligence Panel (AVIP), June 25 to July 2, 2019. A total of 328 AVIP members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their company’s business conditions were factored in Index calculations. The AV Sales and AV Employment Indexes are computed as diffusion indexes, 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 higher than 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in billings/sales.

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.