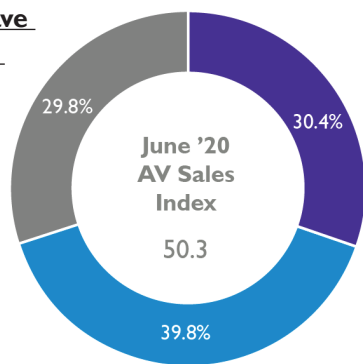


Neutral Growth Conditions Achieved

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...

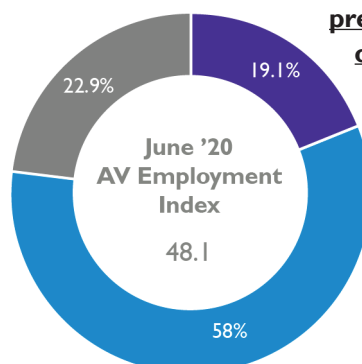
N-181



■ 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-188



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

Highlights:

- Pro AV sales returned to neutral this month, as the AV sales index (AVI-S) reached 50.3 — almost exactly the no-net growth mark of 50. It's not a strong growth score, but it's hard to see it as anything other than a victory after the last three months. The neutral score is more positive too, given the strong upward trajectory over the past two months. After March and April were in the low 20s, the May AVI-S

improved 13.7 points to 37.6. This month marks another double-digit improvement, of 12.7 points. It's probably too much to hope this trend continues and July sees a score over 60, but we are on the right track for now. COVID-19 was the subject of almost every comment on business conditions, either that its impact was lingering or that it was easing.

- Several major economic indicators were released in June. In the U.S., retail sales jumped a record 17.7%, well beyond an expectation of 8%. Eurozone retail sales saw essentially the same leap: 17.8%. Consumer activity is rising, which will drive pro AV sales in that vertical. Other sectors showed more sluggishness. Industrial production in the U.S. was up just 1.4%, less than the projected 2.8%, and in sharp contrast to the retail numbers.
- The IMF released new GDP forecasts on June 24, forecasts that revised down their projections from mid-April. They now project a 2020 GDP decline of 4.9%, down 1.9 percentage points from April. The decline is expected to fall hardest on advanced economies, which the IMF expects will see an 8% decline as compared to 3% for emerging economies. China is poised to come out fairly well for the moment, with growth of 1% rather than any decline. This is dampened slightly by the fact that China's pre-COVID projections called for strong, 5.8% growth, but is nonetheless a strong number for the country.
- The U.S. economy regained 4.8 million jobs in June, lowering the unemployment rate to 11.1%. To translate these numbers into current volumes, we now have about 17.6 million people who count as unemployed. That's up from about 5.8 million individuals pre-COVID — an increase of 11.8 million. That number misses a key group. Currently, the number of people in the labor force – or those who are either working or actively looking for work – is 160 million. That's down almost 5 million from where we were in February. To get back to pre-COVID conditions, the U.S. economy still needs to add back about 16.5 million jobs. That's a tall mountain to climb. But, 4.8 million jobs in one month is a heck of a start! Pro AV is beginning to show the turn around. At a score of 48.1, the AV employment index (AVI-E) suggests neutral conditions. That's up 5 points from last month. We expect the AVI-E to tip over into growth territory in July.

“Projects like ceiling microphones and lecture capture cameras that were always difficult to get buy-in for before are now among our institution's highest priorities. I think there will be a huge rush on cameras and microphones as every school in the world works out their hybrid delivery plan for the fall.”

– End User, North America

“COVID is putting certain types of projects on hold, pushing others to cancel and for a narrow lane, sales are very strong. Some early recovery signs can be seen, but still well off our normal pace.”

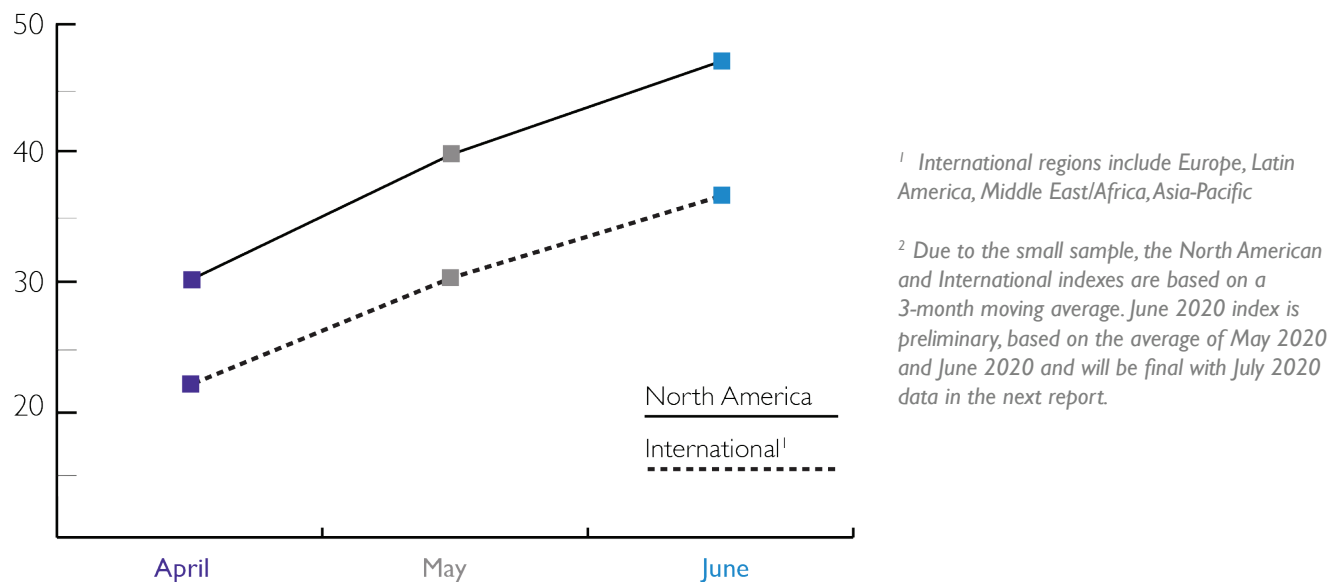
– Provider, North America

“Projects are moving ahead for facilities and various programs, so our projects aren't experiencing delays. Further, the increased awareness of social distancing means we're using MORE spaces for the employees that are already back from WFH [work from home] than before, which means more rooms need to be AV equipped and ready for them. (I.e., a meeting that would normally fit in a single large room now needs to be broken up among several rooms and have them connected or provide lots of remote joining possibilities.)”

– End User, North America

International Outlook

Another month, another shared increase, with North America ahead of the rest of the world.² Both regions come in lower than 50 for June because the numbers are moving averages and are therefore affected by conditions in May. Once June's number is finalized in July, North America will likely reach 50. The international side still has a ways to go, but it is trending in the right direction after a lower trough than North America hit.



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

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 2,000 members of the AVIXA Insights Community, June 30, 2020, to July 7, 2020. A total of 339 Insights Community 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 activity.

About the AVIXA Insights Community

The AVIXA AV Intelligence Panel (AVIP) is now part of AVIXA's Insights Community, a research group of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the community are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Community members will also have the opportunity to participate in discussions, polls and surveys.

Community members will be eligible to:

- Earn points toward online gift cards
- Receive free copies of selected market research
- Engage directly with AVIXA's market intelligence team to help guide research
- Ask and answer other industry professionals' questions

The Insights Community is designed to be a global group, 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 community, enjoy benefits, and share your insights with the AV industry, please apply at avip.avixa.org.