

Pro-AV Business Index

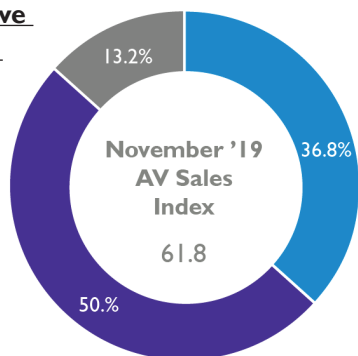
Released December 2019

Good News — and Perspective — on Employment

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...

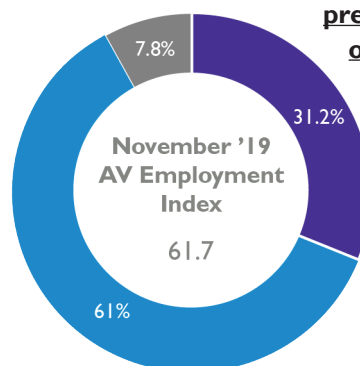
N-144



■ 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-165



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

Highlights:

- The highlight of November AV numbers was the performance on employment, as the AV Employment Index (AVI-E) jumped four points to 61.7, one of the highest marks all year. Before we go into more detail, it's worth taking a moment to observe what employment data can — and can't — tell us. Start with the can't: Hiring often takes months from the decision to create a new

position to the new worker's first day, which means that employment change can't tell us about conditions at this very moment. Instead, employment is a "lagging indicator" that tells us about conditions a couple months ago. On the positive side, because hiring is such an impactful business decision, it resists unimportant economic jitters. So, when we observe a strong

employment number like this month's AVI-E, it tells us more about the recent past rather than the up-to-the-moment status. But, more than alternative indicators, it's a mark we can trust.

- More good employment news: The U.S. job market added 266,000 jobs in November, above the expected 180,000 additional jobs and up from the October mark of 156,000 jobs. One small caveat — about 50,000 GM workers were off last month because of a strike, so the month-to-month increase is less than it seems. Still, the economy adding jobs at a 200,000-per-month clip shows business remains good despite concerns over slowing GDP growth and the ever-present trade uncertainty.
- Though its 4-point jump made the AVI-E the star of November, the AVI-S bore good news as well. It increased just over a point to 61.8, meaning sales are growing at a strong pace. This mark is a few tenths above the AVI-S reading of November 2018. The consensus is that 2018 was economically much better than 2019, so seeing growth rates converge improves this year's outlook. Over one fifth of open-ended responses highlighted seasonal trends affecting their business, with an almost exact 50/50 split between reports of a holiday slowdown and a spending rush to use the last of the 2019 budget. Reports also suggested that technological advancements drove sales while the tight labor market posed challenges.

"[We] continue to see growth on the video side of the business with more end users having a budget for digital signage communication vehicles. Videowall LED business growth [is] looking strong."

- Distributor, North America

"Fourth quarter rush. Business is up currently as clients push to spend year-end dollars with the intent of getting work done before Dec. 31."

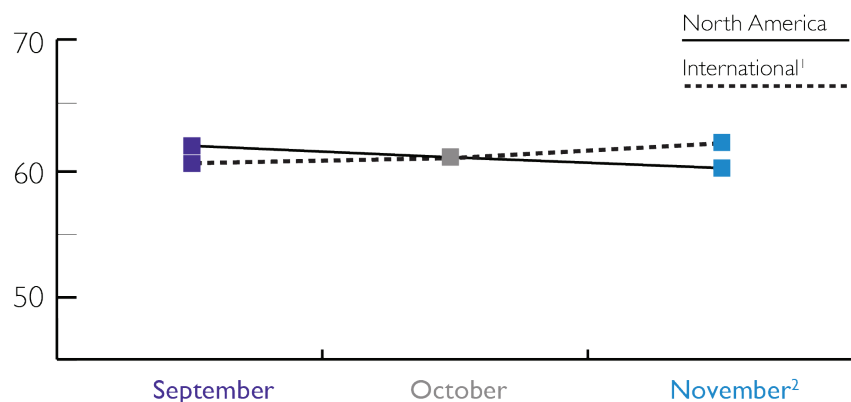
- AV Integrator, North America

"Revenues are up as we move into the Christmas/summer season (lots of educational work) and a general uptick in AV confidence. After heartache and expensive recruitment costs, we have finally sourced two senior technical staff. Next set of techs will be trainees."

- AV Integrator, Asia-Pacific

International Outlook

Just when it looked like North America was developing a stronger growth trend than the International side, the tables turn. Our initial reading for October suggested North America's sales index² was 4 points higher than International, but with the additional data from this month, they ended up tied. The initial reading for November suggests a comfortable 2.3 points lead for International. Not to be lost in the horse race conversation, though, is the fact that both regions are well above the no-change mark of 50, meaning sales are increasing worldwide.



¹ International 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. November 2019 index is preliminary, based on the average of October 2019 and November 2019 and will be final with December 2019 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.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 1,191 members of the AVIXA Insights Community, Nov. 25 to Dec. 5, 2019. A total of 259 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.