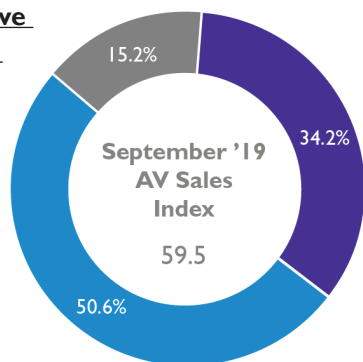


AV Growth Slows, Reflecting Mediocre Macroeconomy

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...

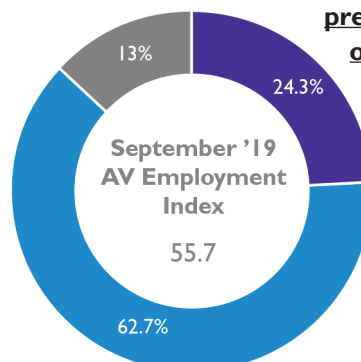
N-158



- 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-169



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

Highlights:

- The theme of the August report was surprisingly strong AV numbers against a backdrop of mediocre economic indicators. This month, though AV sees continued growth, the industry situation reflects more of the broader economic mediocrity. The AV Sales Index (AVI-S) clocked in at 59.5, down from 63.9 in August. In retrospect, that August number looks like a positive outlier, as June saw an AVI-S of 61.4 and July

a reading of 60.3, both more in line with this month. Current readings are down from last year, when the AVI-S was up over 65 in the summer and early fall. With an AVI-S showing moderate growth, it was no surprise to see a wide variety of experiences described in the comments. Many spoke of trade issues as expected, but other common subjects were the challenges of staffing and a highly competitive marketplace.

- The widely followed Institute for Supply Management manufacturing purchaser's index clocked in at its lowest reading since June 2009. The disappointing mark knocked a couple percent off stock market indexes worldwide, and signals two impacts on pro AV. First, trade-generated manufacturing problems are driving price increases and uncertainty which make projects difficult to price, especially since end users don't want to pay more for hardware. Second, high prices and manufacturing problems create economy-wide problems that affect buyers of AV equipment. In an unsteady economy, end users will hesitate to invest in AV upgrades.
- A no-deal Brexit is possible at the end of October. A no-deal Brexit would have a pronounced impact on end users, as it would drive uncertainty and GDP decline. Multinational businesses and Eurozone companies — especially UK and Irish ones — will want to follow developments closely. With such a dramatic and unprecedented event possibly on the horizon, you can expect to see alarmist headlines and dramatic predictions. To stay optimally informed, seek diverse perspectives and read past the headlines as much as possible.
- The September jobs report in the U.S. looked very much like the August report, with 136,000 employees added against a prediction of 145,000. The jobless rate dropped to 3.5%, which is the lowest since 1969. However, businesses leaders should not read too much into that stat as its implication — a strong and exceptionally tight labor market — is contradicted by the fact that hourly wages remained flat from August to September, leading to an annual percent increase of 2.9%, the lowest rate since July of 2018. Pro AV saw a disappointing month for jobs, with the AV Employment Index measuring 55.7. As with the AVI-S, August showed a strong reading (63.0) that now looks like an outlier, since the month's number is in line with the July figure of 57.3.

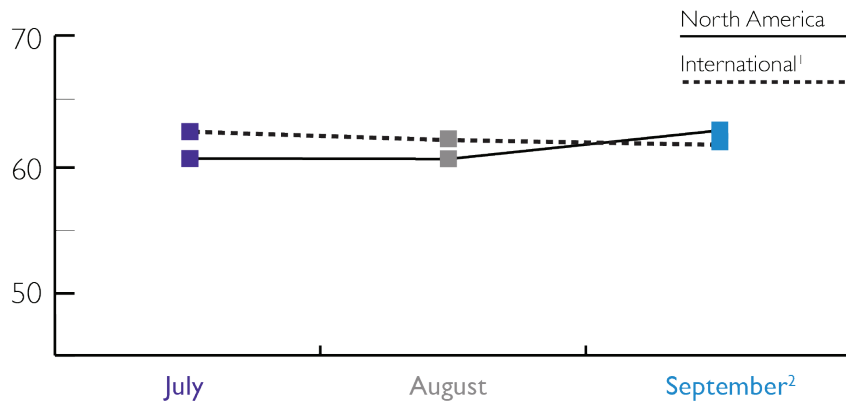
“Being able to factor on-call depth of staff into the organization. Due to staffing demands across the industry, our base of casual labor constantly has to be refreshed as they are offered full-time work. Where previously people would want to sit in either the full-time or casual pool, increasingly people are wanting to go full time, or they're offered good work as a full-time employee.”
– AV Service Provider, Asia-Pacific

“As far as my organization is concerned, usually the biggest projects developed during the spring are made in the summer; right now we are again in a process of estimating, even for new customers, but the results will be seen later.”
– AV Integrator, Europe

“Market feels to be struggling both with Brexit uncertainty, budget constraints, and project delays but also smarter users and IT brands adding features that compete with traditional AV functions.”
– AV Distributor, Europe

International Outlook

This month's data pulled the North American and International numbers into close alignment². Both regions are experiencing steady growth at similar rates, with indices of about 62. If no region is to outperform the other, it is excellent news that the tie occurs when sales are growing rather than contracting!



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. September 2019 index is preliminary, based on the average of August 2019 and September 2019 and will be final with October 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, Sept. 4 to Sept. 26, 2019. A total of 268 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 billings/sales.

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.