

Pro-AV Business Index

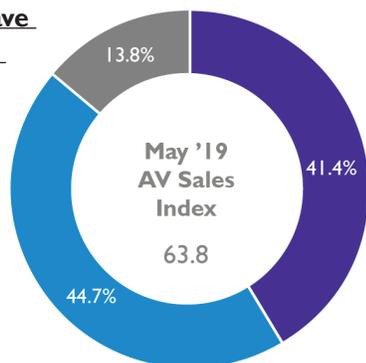
Released June 2019

Strong Pro-AV Indices Match Solid Macroeconomic Numbers

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...

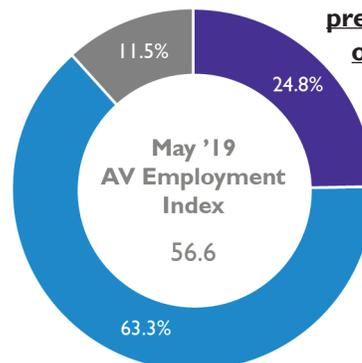
N-152



- 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:

- Pro AV continued its strong 2019 as the AV Sales Index edged up to 63.8. Measuring comfortably above the neutral growth marker of 50, this number demonstrates the continued good health of the industry. The word “tariffs” was a common refrain in comments describing headwinds, while positive comments tended to identify May and the summer months as the “busy season.” Many commenters pointed to AV — especially high-quality, well integrated AV — as gaining increased respect in the marketplace, driving revenue in turn.
- In last month’s report, we identified how the S&P 500 reached record highs in April but encouraged readers to “take the long view as much as possible,” whether the market is up or down. The market then proceeded to decline over 5 percent in May, before bouncing back strongly in the first week of June. All this to say: Continue to use your wide-angle lens when studying equity markets.

- May was a bad month for international trade, as President Trump raised tariffs on Chinese imports to 25 percent before threatening to impose a 5 percent tariff on all goods imported from Mexico. For now, it appears the tariffs on Mexico will not take effect thanks to bipartisan congressional opposition and some anti-immigration efforts by the Mexican government.
- U.S. employment numbers disappointed in May, as the economy registered an increase of 75,000 jobs against an expectation of 180,000. In addition, April's strong growth number was revised down by 39,000 jobs to 224,000. The monthly numbers have fluctuated in 2019, such as in January and February when we saw 312,000 jobs added, then just 56,000. So, as with the stock market, observers should not focus too much on a single weak month. Still, the stakes for June's numbers are now slightly higher. Pro AV also had a month of moderately disappointing growth. At 56.6, the AV employment index shows continued growth, but at a slower pace than April's mark of 60.3.

"Clients looking to broaden their marketing videos production because they have money is always good. Growing in a technology field seems to be exciting for some clients. It can scare others until you prove some of the benefits that come along with it. After they can see the benefit, they are usually willing to move forward ... which is great for us."

– Content Creator, North America

"Import tariffs and global instability are major issues affecting our business, and profitability."

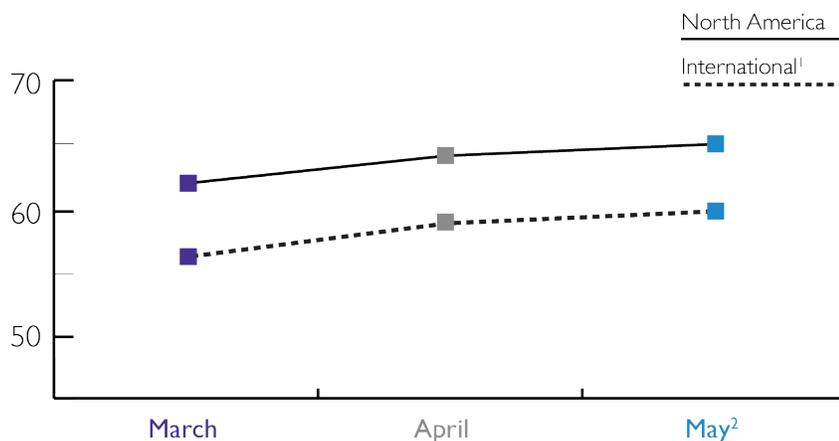
– Manufacturer, Asia-Pacific

"Integration technology is advancing, changing, and becoming more and more sought after with large enterprises. This has increased business overall."

– AV Integrator, North America

International Outlook

May's regional preliminary² AV Sales Index showed shared growth. Both North America and International showed a continued rebound in growth rate from the slower paces observed during the winter months. North America's growth exceeds the International side, as it did in May 2018. Last year, that trend reversed in the fall, when the International number comfortably surpassed the North America one. It will be interesting to watch these metrics over the next six months to see if the reversal repeats.



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. May 2019 index is preliminary, based on the average of April 2019 and May 2019 and will be final with June 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 600 members of the AVIXA AV Intelligence Panel (AVIP), May 30 to June 5, 2019. A total of 280 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.