

Pro-AV Business Index

Released December 2017

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 tracking trends. Two diffusion indexes are created using this data, the AV Sales Index and AV Employment Index. The diffusion index is calculated based on the positive response frequency from those who indicated their business had 5 percent or more increases 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 over 50 indicates an increase, while an index under 50 indicates a decline).

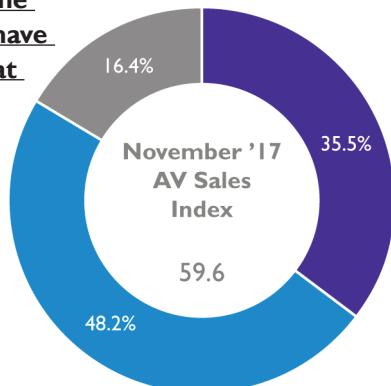
Businesses Continue to See Expansion Despite Uncertainty

The past six months show economic policy uncertainty has not affected overall outlook as much as one might expect thanks to the continuation of the upswing in the economy. The Pro-AV Indexes continue to follow the positive trend with the November Pro-AV Sales Index remaining in a growth period at 59.6, making it the 15th month of continued expansion since the Index's inception in September 2016. November's result was on par with the month prior, suggesting a

short-term flattening of the index. Some amount of caution may be playing out as companies wait to see the outcome of tax reform negotiations in the United States and continued economic policy uncertainty internationally. This is not enough to create concerns of contraction, however, and is somewhat potentially limiting on what could be more rampant enthusiasm given the strength of economic fundamentals like unemployment and job growth.

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

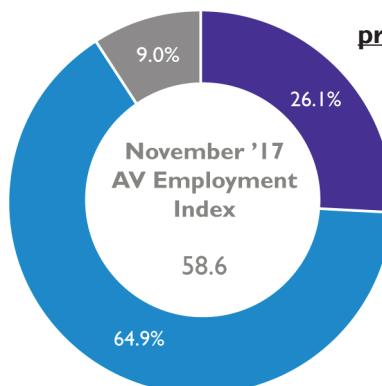
N-110



- 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-124



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

November's Pro-AV Employment Index dropped slightly to 58.6 from 62.3 but remains solid and one percentage point above where it was a year ago. This result demonstrates overall job growth for the industry as new projects continue to

provide opportunity for new employment. Low unemployment remains a concern for worker availability and may slightly suppress the index, but is not enough to pull it into contraction territory.

Industry Conditions for Next Six Months

When looking at revenue for the next six months, 57.1 percent of the panel members are positive and 31.3 percent neutral. Moreover, panel members see the workforce expanding or remaining stable, with more than 9 in 10 indicating positive or neutral readings for the next six months.

How would you assess the AV workforce conditions for your organization in the next 6 months?

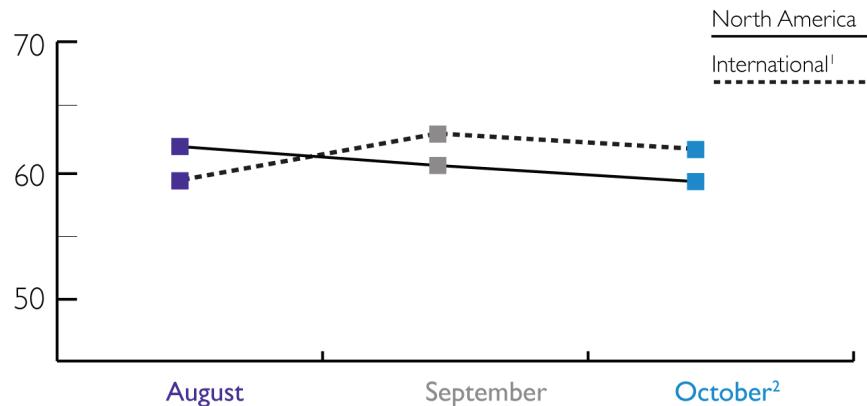


How would you assess your revenue/turnover conditions for your organization in the next 6 months?



International Outlook

The November International and North American preliminary² Pro-AV Sales Indexes remain in a growth period with the overall global economy. The November North American Pro-AV Sales Index reads 59.8 and the International Pro-AV Sale Index is at 62.2.



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

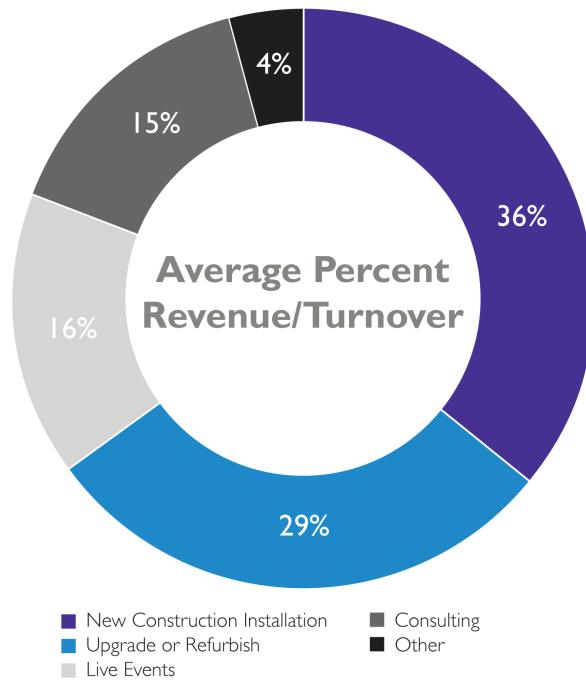
¹ Global regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. November 2017 index is preliminary, based on the average of October 2017 and November 2017 and will be final with December 2017 data in the next report.

Pro-AV Projects

Typical professional AV business is project-based but often with some seasonal component as the volume of projects expands during certain times of the year. We found that 38 percent of panel respondents combine seasonal and project-based work while only 8 percent said they do strictly seasonal work and 42 percent do only project-based work.

According to our panel results, the major areas for project spending in the pro-AV industry are new construction, upgrades, live events and consulting. With the continued growth of infrastructure and the healthy economy, new construction leads in earnings and sales. According to the U.S. Census Bureau non-residential construction rose in November by 2.1 percent but remains relatively the same as a year ago. Educational spending topped the November growth list at 9 percent and is up 12 percent from a year ago, signaling strength in this sector as classrooms move into an upgrade cycle.



Pro-AV Business Index 2017, Historical Data (Previous 3 Months)

	September 2017	October 2017	November 2017
Pro-AV Sales Index*	66.2	59.7	59.6
Pro-AV Employment Index*	66.0	62.3	58.6

* For more data starting September 2016, please see past reports or join the panel to get the monthly report and data emailed to you directly.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 697 members of the AVIXA AV Intelligence Panel (AVIP) between Nov. 28 and Dec. 5, 2017. A total of 172 AVIP members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their companies’ business conditions were factored in Index calculations. The AV Sales and AV Employment Indexes are computed as a diffusion index, 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 above 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score below 50 indicates a decrease in activity. Any score above 50 indicates an increase in sales/billings.

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
- Preview the survey results prior to public release
- 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.