

Pro-AV Business Index

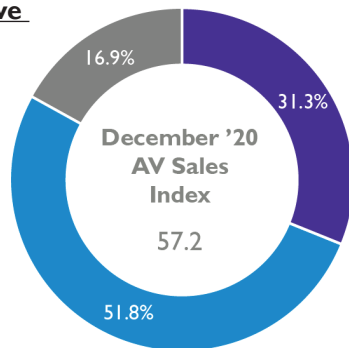
Released December 2020

2020 Ends on a Positive Note

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% 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...

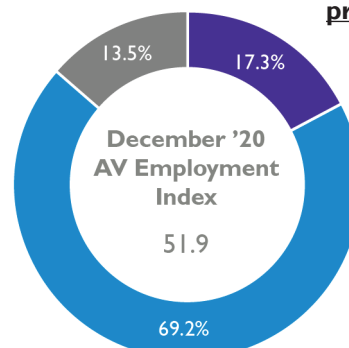
N-195



- 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-208



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

Highlights:

- Over the summer, the AVIXA market intelligence team went on record predicting accelerating growth to close out the year. Soon after our prediction, August and September's numbers came in disappointingly low, showing only the smallest trickle of growth. Thankfully, since that time, growth has rebounded, and we can now affirm the accuracy of our prediction. December's AV sales index (AVI-S) measured 57.2, 2.5 points above the November reading of 54.7 — which itself was 1.5 points above the

October reading. This is a new post-pandemic high and represents a pace of growth that would have been roughly in the normal range for the pre-pandemic years. Such an encouraging way to end the year! As shown below, commenters identified year-end budget pushes as a positive, and COVID-19 uncertainty as a negative.

- Globally, countries are struggling to roll out vaccines to their citizens. The recent proliferation of approved vaccines creates a clear path to

a return to normal life, including the much-anticipated renaissance of live events. The difficulties in administering available doses are proving greater than anticipated so far. The United States, for example, has given out just 31% of its supply so far, but is still fifth in the world in percent of population vaccinated at 1.5%. These hiccups in distribution risk postponing the return to normal and should be carefully monitored by decision-makers of businesses supplying in-person AV solutions.

- Among the providers in our global AV insights community, 56.2% reported a significant drop in AV revenue for the entire year, 24.8% reported roughly no change, and 19.0% reported a significant increase. Translating that into a diffusion index like we use for the AVI-S, we get a reading of 31.4. For comparison, this mark would have been the third worst mark this year: better than March (21.3) and April (23.9), but worse than May (37.6). This low reading reflects how difficult this year has been for AV. It also highlights the importance of the acceleration of growth our industry has experienced. This year was a major blow, and we need significant improvement to reach full recovery.
- Like the AVI-S, the AV Employment Index (AVI-E) also strengthened for the second consecutive month. Employment change remains more limited than sales change, as the December AVI-E reading of 51.9 is only a small amount above the no-net change mark of 50. This indication of growth looks more positive when compared to the broader U.S. employment numbers, which show that the economy actually lost jobs for the first time since recovery began back in May. The drop of 140,000 is small, but any decline is a serious issue given that we are more

than 10 million jobs below where we would be without the pandemic, this is a serious issue. Mitigating this bad news is the fact that the decline was driven by a 498,000 job decrease in the restaurant-centric leisure and hospitality sector. Obviously, nobody is rooting for more pain in this sector, but at least this sector's contraction reflects the challenge of running a restaurant business in a winter climate rather than fundamental economic weakness.

“End of the year, everyone scrambles to spend every last cent of their current-year budget before they lose it. So, of course we are swamped right now... and even into January as some of the projects that get squeezed in under the wire of the 2020 budget won't get installed until Jan 2021. So, we'll stay up on AV for a bit...”

– End User, North America

“Most companies are sitting on their hands waiting to see how the second wave of the pandemic plays out and what will be government's response. More lockdowns? More restrictions? More school closings? No one wants to make large commitments of capital until they have a clearer picture of the future.”

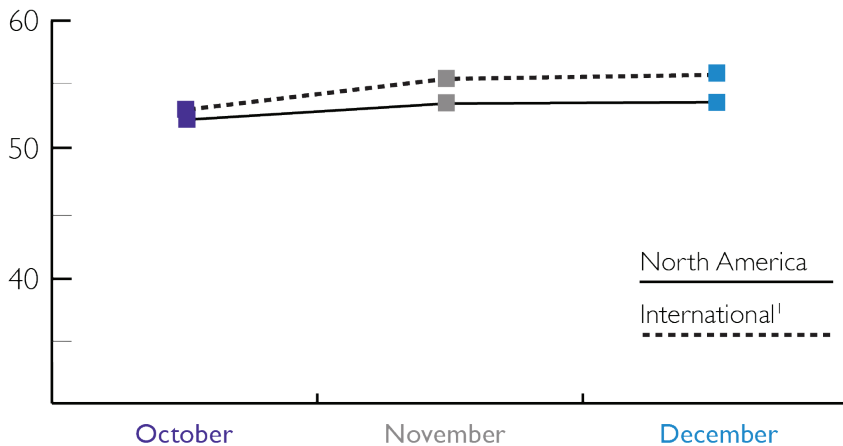
– Provider, North America

“We are starting an AV division from the ground up at a new company. It is a little nerve-wracking [to change] jobs during the pandemic, but this company is financially sound and realizes that now is a good time add audiovisual sales and design in preparation for the coming spending renaissance.”

– Integrator, North America

International Outlook

In December, the international AVI-S extended its advantage over North America, meaning the former region was growing more quickly than the latter². After the November moving average was finalized with this month's update, both regions have seen consecutive months of increasing index numbers. This is an encouraging result as it means that not only is growth shared, but the acceleration of growth is shared. In short, momentum is gaining around the world.



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. December 2020 index is preliminary, based on the average of November 2020 and December 2020 and will be final with January 2021 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 2,000 members of the AVIXA Insights Community between December 21, 2020 and January 4, 2021. A total of 350 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.