

Automation and robotics

Longer Term Investments (LTI)

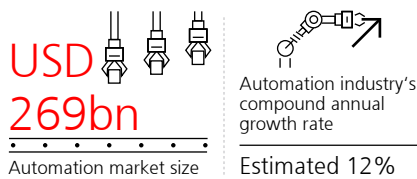
The manufacturing industry has a history of being able to reinvent itself. Whether in the First Industrial Revolution of steam-generated power, or the next revolution supported by electric power, the industry has found ways to boost productivity. Smart automation will power the Fourth Industrial Revolution combining the innovations in industrial and IT processes to drive global manufacturing productivity gains.



Projections and opportunities

Revenue growth

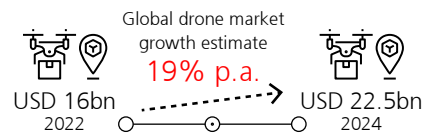
Based on our market definition, the automation market was valued at USD 269bn in 2022. Given several structural drivers, we expect a compound annual growth rate of about 12% for the overall automation market in 2023 and 2024.



Source: UBS, as of March 2023

The rise of commercial drones

E-commerce and logistics companies are beginning to experiment with drone technology. Thanks to their autonomous features, drones could be a new tool of industrial automation.



Source: US Federal Aviation Administration, UBS estimates, as of March 2023

Emerging markets

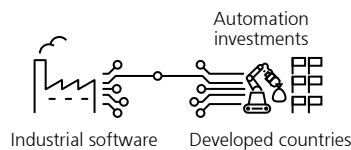
We think emerging markets make for one of the most promising growth themes. Their use of robotics is still far behind developed countries, while the need to drive productivity gains, rising wages, and the size of the manufacturing sector make them an attractive region for automation equipment.

Source: UBS, as of March 2023

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Digitalization

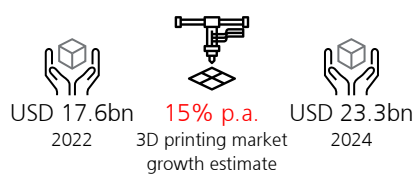
We expect the rising digitalization of the manufacturing sector (industrial software) to lead to a new wave of automation investments in developed countries.



Source: UBS, as of March 2023

3D printing remains a long-term opportunity

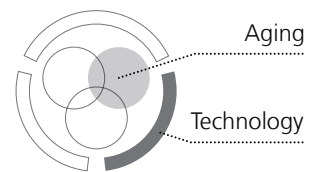
We see opportunities for 3D printers in businesses requiring rapid prototyping and high customization with small production quantities.



Source: Bloomberg Intelligence, UBS, as of March 2023



Automation and robotics investment properties



○ Influencer ⊗ Key drivers



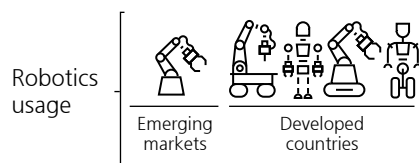
Near-term drivers

- Improving leading indicators
- Higher capital expenditures
- Higher industrial production



Sustainable investing

- SDG 9: Industry, innovation, and infrastructure



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