



Automation Summary

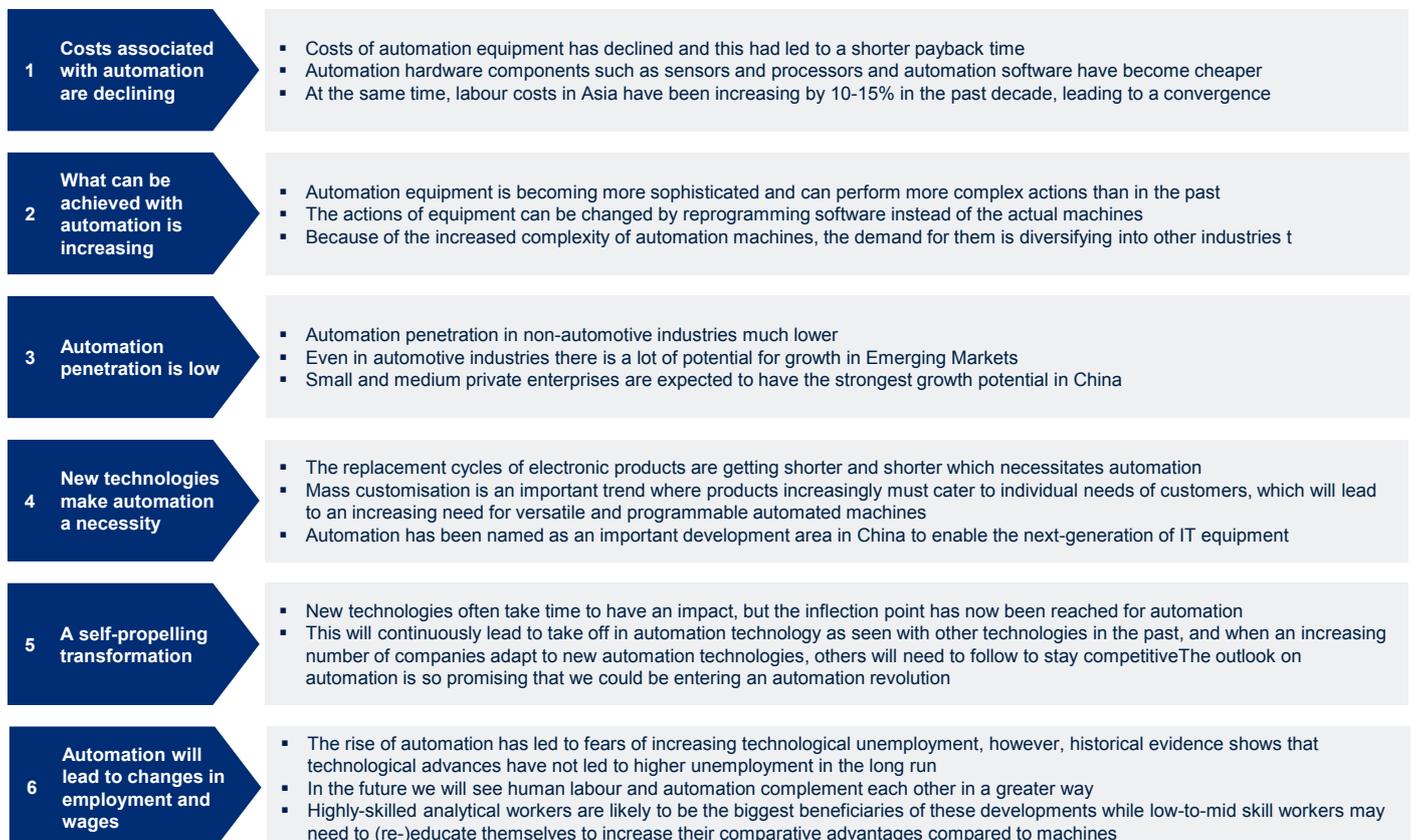
There are significant signs that automation is becoming more prevalent in our daily lives. Driverless cars are no longer science fiction and the likes of ticket booths and cashiers are being replaced with self-checkout machines.

However, it is in factories and production processes that the impact of automation will be most significant over the next decade. Automation aids in business flexibility and product quality, which can lead to competitive advantages. Companies that incorporate automation in their manufacturing process should see the labour intensity of their operations fall at the expense of capital intensity. Automation should also reduce working capital as production lead times fall, thanks to scheduling flexibility.

This increasing use of automation is leading to self-propelling transformation; and it is becoming more likely that we are now at a tipping point where a number of compelling drivers will accelerate the even greater use of automation.

All of this leads us to believe that automation is now a multi-year trend and that there are a number of Emerging Markets companies that qualify as attractive investment opportunities within this theme. The key reasons supporting this positive view on the automation theme are detailed in the diagram below.

The full report by Christoffer Enemaerke can be requested by contacting: RBCGAMUKmarketing@rbc.com



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