

ROBO INDEX MARKS TURN IN EARNINGS GROWTH

Jeremie Capron, Director of Research, ROBO Global

AS DEMAND FOR ROBOTICS AND FACTORY AUTOMATION BOTTOMS OUT, RETURNS RISE

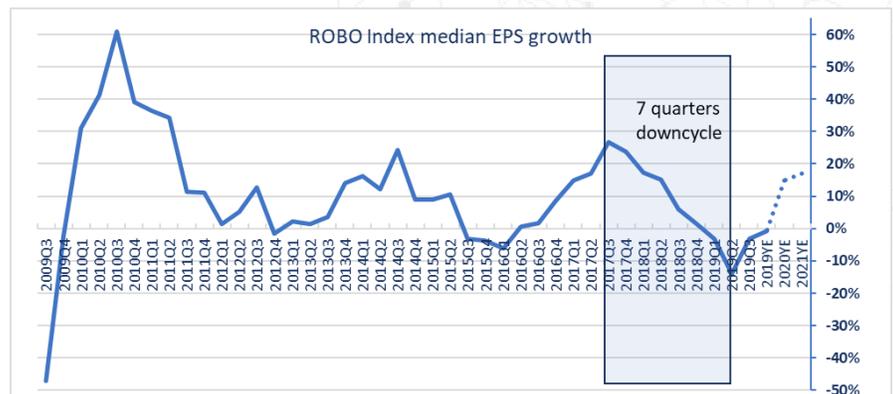
With the earnings season coming to a close, the ROBO Global Robotics & Automation Index has risen nearly 9% in October and November, bringing total returns to 27% year-to-date. 3Q19 results were significantly better than expected and marked a turn in earnings growth after seven consecutive quarters of deceleration. This leaves the index trading on a forward P/E of 25x, a slight premium to its 22.5x long-term average.

Results across the index were impressive, with 67% of index members beating consensus estimates. Revenue growth remained near historical lows at just 1%, led by Security & Surveillance, Healthcare, Consumer, and Logistics Automation, while Actuation and 3D Printing saw continued declines.

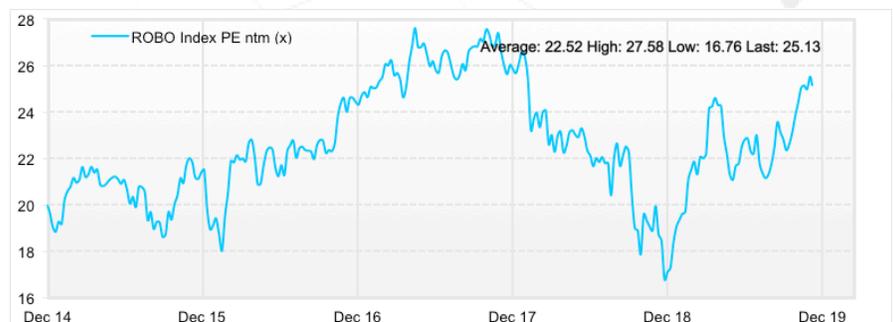
Past the earnings trough

Median EBITDA growth for 3Q19 was back in positive territory at +2% YoY. At the EPS level, Q3 saw a 3% YoY decline, which marked the first improvement in 7 quarters. This confirms our view that Q2 marked the bottom after the longest downcycle since the inception of the index in 2013 (see chart to the right).

In aggregate, EPS came in 3% above expectations with 67% of companies exceeding consensus EPS estimates and 52% topping revenue estimates. This puts the ROBO index on track to deliver median EPS growth of -1% YoY in 2019, while consensus estimates point to 15% growth in 2020 and 17% in 2021.



Sources: ROBO Global, Factset



Copyright © 2019 by ROBO Global, LLC. All rights reserved. ROBO Global® is a registered trademark of ROBO Global, LLC. ROBO Global, LLC is referred to as “ROBO.” Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where ROBO does not have the necessary licenses. All information provided by ROBO is impersonal and not tailored to the needs of any person, entity or group of persons. The ROBO Global® Robotics and Automation Index and the ROBO Global® Robotics and Automation UCITS Index (the “Indices”) are the property of ROBO who have contracted with Solactive AG to calculate and maintain the Indices. The Indices are not sponsored by Solactive AG or its affiliates. Neither Solactive AG, nor any of their affiliates will be liable for any errors or omissions in calculating the Indices. Closing prices for the Indices are calculated by Solactive AG based on the closing price of the individual constituents of the index as set by their primary exchange. Historical performance illustrations in the Indices are based on a backcast calculation. A backcast calculation can be materially different from a backtest analysis. Past performance of an index is not a guarantee of future results. The value of investments may go down as well as up and potential investors may not get back the amount originally invested. It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. ROBO makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. ROBO is not in a position to give advice on the suitability of any investments for potential investors. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by ROBO to buy, sell, or hold such security, nor is it considered to be investment advice. It is not intended that anything stated in this document should be construed as an offer or invitation to buy or sell any investment in any Investment Fund or other investment vehicle referred to in this website, or for potential investors to engage in any investment activity. No Investment Fund or other investment vehicle based on the Indices is sponsored, promoted, sold or supported in any other manner by ROBO or Solactive AG (the “Index Parties”) nor do the Index Parties offer any express or implicit guarantee or assurance either with regard to the results of using the Indices and/or an Index trademark or an Index price at any time or in any other respect. The Index Parties use their best efforts to ensure that the Indices are calculated correctly. Irrespective of their obligations towards the Company, the Index Parties have no obligation to point out errors in the Indices to third parties including but not limited to investors in, and/or financial intermediaries of, any Investment Funds or other investment vehicles. Neither publication of the Indices by Solactive AG nor the licensing of the Indices or an Index trademark by ROBO for the purpose of use in connection with any Investment Fund or other investment vehicle based on the Indices constitutes a recommendation by the Index Parties to invest capital in any such fund or investment vehicle nor does it in any way represent an assurance or opinion of the Index Parties with regard to any investment in such fund or investment vehicle. These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse-engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of ROBO. The Content shall not be used for any unlawful or unauthorized purposes. ROBO and its third-party data providers and licensors (collectively “ROBO Parties”) do not guarantee the accuracy, completeness, timeliness or availability of the Content. ROBO Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. The content is provided on an “as is” basis. ROBO Parties disclaim any and all express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use, freedom from bugs, software errors or defects, that the content’s functioning will be uninterrupted or that the content will operate with any software or hardware configuration. In no event shall ROBO Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages. ROBO Parties and their respective employees, affiliates and partners hereby exclude, to the extent permitted by applicable law, all liability in connection with the use of this document.