

ROBO Global

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ROBO Global index surges 18.3% in 1Q as robotics, automation, and artificial intelligence stocks rebound

ROBO Global said Monday that it was a "banner first quarter" for robotics, automation and artificial intelligence stocks that make up its ROBO Global Robotics & Automation Index, the world's first benchmark index to track companies that focus on robotics, automation and AI.

The ROBO Global index surged 18%, while the Artificial Intelligence Index increased 26%, largely outpacing global equities.

ROBO Global provides its expertise to the ROBO Global Robotics and Automation Index ETF (NYSEARCA:ROBO), which was up 0.7% to \$41.40 in morning trade.

DEEP DIVE: ROBO Global captures the high-octane growth of robotics and artificial intelligence

"While the sharp rebound in equities around the world was accompanied by a continued deterioration in the macro economic outlook, earnings estimates for members of the ROBO Index stabilized in the first quarter and continue to point to 8% EPS growth in 2019," wrote ROBO Global Director of Research Jeremie Capron in a report.

"The index is currently trading on a forward P/E of 23x, roughly in line with its five-year average of 22x," he added.

WATCH: ROBO Global anticipates significant pick up in China automation orders

The report showed that robotics, automation and AI stocks, which closed 2018 at valuations unseen since the inception of the ROBO index in 2013, benefitted from the rebound.

"The ROBO Global Robotics & Automation Index jumped 18.3% in the first quarter of 2019. Consumer robotics (+41%), energy (+32%) and logistics & warehouse automation (+28%) led the gains, while security (-20%) and 3D printing (-2%) declined," said the report.

"By region, the US and Japan were the top contributors, while Germany underperformed," it added.

The company said the ROBO Global Artificial Intelligence Index also delivered "outstanding results," soaring 26.3% in the first quarter to new all-time highs, on the heels of a 13.5% gain in 2018.

All 11 sectors reflected in the index saw gains, led by e-commerce, business process and data analytics, with health care and cloud providers also "delivering double-digit growth."

Top performers

Price: 55.54

Market Cap: \$1.5 billion

1 Year Share Price Graph



Share Information

Code: ROBO

Listing: NYSE

52 week	High	Low
	55.56	28.6

Sector: Medical technology & services

Website: www.roboglobal.com

Company Synopsis:

ROBO Global is an index, advisory, and research company wholly focused on helping investors capture the unique opportunities of fast-growing robotics, artificial intelligence, and healthcare technology companies around the world. In 2013, we launched the ROBO Global® Robotics and Automation Index Series.

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Index component Ocado Group plc (OTCMKTS:OCDGF), a leader in automation technology solutions for online retailing, was a top performer, rising 77% on the ROBO index.

"Just nine months after announcing a deal to supply Kroger Co (NYSE:KR), America's biggest supermarket chain, with its automation solutions in up to 20 fulfilment centers across the US, Ocado has now secured an important deal with Marks & Spencer (OTCMKTS:MAKSY) and will receive approximately \$1 billion for a 50% stake in a JV that will essentially put the M&S brand on Ocado's existing online grocery business," said the report.

The deal enables Ocado to source M&S products at cost and own exclusive rights on M&S online sales. In addition, Ocado delivered better-than-expected sales growth of 11% in the first quarter, despite the disruption caused by a fire at its Andover facility.

iRobot Corporation

The second-best performer was index component iRobot Corporation (NASDAQ:IRBT), which makes the Roomba robotic vacuum cleaner. It added 41% and enjoyed a strong finish to 2018 with results largely exceeding expectations, even after raising guidance twice during the year.

"Sales grew 24%, boosted by strong demand for the recently launched Roomba i7 series of high-end robots, and margins held up despite the negative impact of tariffs on products assembled in China," wrote Capron.

iRobot also launched its long-awaited Terra robotic lawn mowers, a new category which could represent a market opportunity as large as the Roomba saw in the past decade.

"Financial targets for 2020 are impressive at 19% annualized growth over a 3-year period," wrote Capron.

Top decliners

The laggards were Maxar Technologies Inc (NYSE:MAXR), which renounced its struggling GEO Comsat business, falling 61% for the period, and Materialise NV (NASDAQ:MTLS), which slipped 21%. The Belgium-headquartered additive-manufacturing company lowered its 2019 outlook and expects 2019 sales growth of 8% at the mid-point, significantly below the 15% CAGR of the past three years.

"While sales of its software and medical-related applications remain on a clear upswing, slower automotive markets are weighing down its printing-on-demand business," wrote Capron.

The ROBO index is used as a performance benchmark for funds and market growth. Since it's the first major index in the robotics, automation and AI space, the ROBO index has several low-cost ETFs tied to it at the hip.

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