

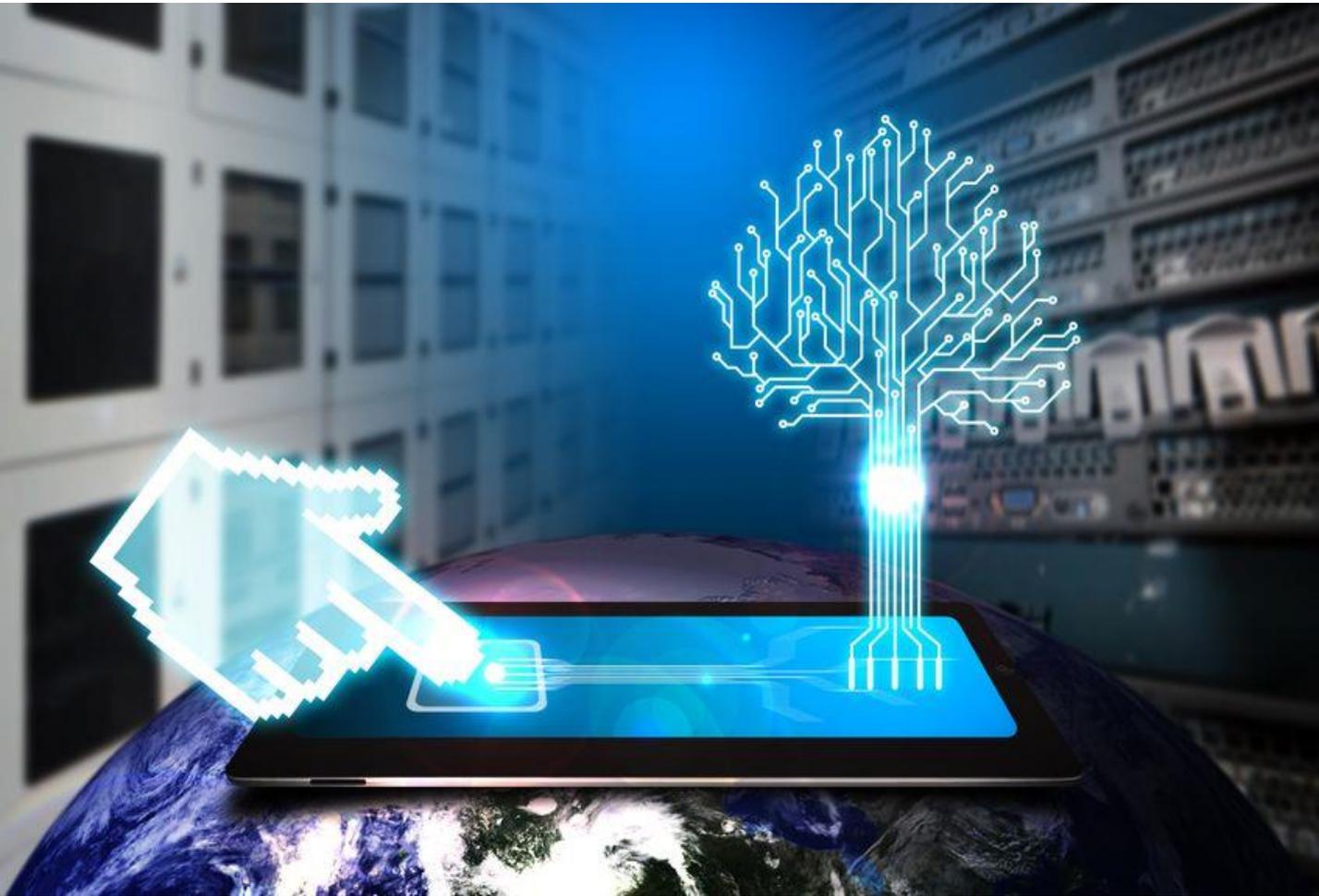
Lion Global Investors Limited



Meet Your New Manufacturing Helper: Cobot

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More and more robots are being deployed in the world's production lines and this trend is expected to pan out with huge investment implications in the many years to come.

While automation is not a new phenomenon, it is becoming increasingly important to the global manufacturing industry, which accounts for 16% of the world's Gross Domestic Product*. This is due to the rapidly rising wages at the traditionally low-cost manufacturing hubs.

At the current stage, factory automation is more prevalent in the automotive and electronics industries, and less so for industries like plastics, chemicals, metals, machinery, food and textiles, among others. The addressable market for the automation industry as it is today is already estimated at more than US\$100 billion*.

* Source: "Profiles in Innovation Factory of the Future – Beyond the Assembly Line" published by Goldman Sachs Investment Research on 13 April 2016.

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By 2020, when more industries expectedly introduce the latest automation technologies in their manufacturing processes, the size of the market for factory automation is estimated to grow to more than US\$250 billion*, contributing to average potential cost savings of 10% to 15%* per factory.

The evolution of robotics over the years has brought to life a plethora of smart machines to improve manufacturing processes in many ways. One new breakthrough is that of a collaborative robot, or “cobots” as it is typically known as. This small, lightweight and flexible robot is ubiquitous in the automated manufacturing processes of factories throughout the world.

An example of a manufacturing company that has successfully utilised cobots in their production line would be Glory in Japan, which manufactures cash registers, among other products. In the face of difficulties in hiring workers due to a declining and aging population, Glory took the industrial automation path and successfully introduced humanoid robots in their assembly lines in 2012. These cobots, made by Kawada Technologies, had helped to reduce the manual and repetitive work of picking up, screwing and mounting of components, which eventually led to a more streamlined manufacturing process.

Robots for factory automation could take many forms and cobots are really just one example of the new, exciting innovations that has taken place. In the logistics industry, many factories have also started using automated guided vehicles (AGVs) as a means to provide efficient warehousing solutions. Amazon is a prominent example of a company making use of this technology in their logistics centres.

The possibilities of factory automation are endless for the future of manufacturing.

*Source: “Profiles in Innovation Factory of the Future – Beyond the Assembly Line” published by Goldman Sachs Investment Research on 13 April 2016.

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