

Goldman Sachs
“AI optimism is powering industrials stocks, too”
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Amanda Ross: The impact of AI is being felt far outside of the tech industry. Since the start of 2023, the industrial sector is up about 26 percent. But the industrials companies most exposed to AI are up just about 100 percent.

It's not just semiconductors that are being used to power AI. Industrials companies are either manufacturing or providing the cooling for data centers that host these AI workloads.

AI and machine learning is becoming a bigger deal for the sector. A year ago, just 10 percent of industrials companies mentioned AI on their earnings calls. In Q4, 32 percent did. Some of the use of AI is more novel. One agricultural machinery company is using AI analysis of photos to determine the health of crops.

Now, investors are still looking for signs that these initiatives will be a meaningful financial driver. But we're

optimistic. Leading industrial AI companies grew their revenue by 14 percent in 2023, well above that of the sector and the S&P 500.

So, the next time someone asks you about AI, you can tell them it's not just a tech story.

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