

# Emerging market infrastructure

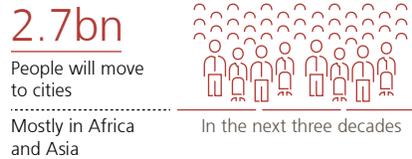
## Longer Term Investments (LTI)

Growing urbanization and the expansion of megacities in emerging markets are driving demand for infrastructure investment. Emerging markets are forecast to account for almost two-thirds of global infrastructure spending by 2025.

### Projections and opportunities

#### Population growth & Urbanization

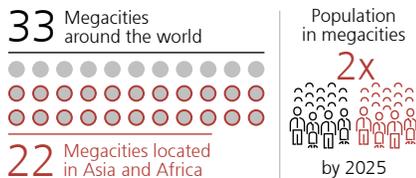
Globally 2.7bn people will move into cities over the next three decades with most of that shift occurring in Asia and Africa.



Source: UBS 2018; World Population Prospects, 2015

#### Rise of megacities

The world has 33 megacities of which 22 are in Asia and Africa. UN forecasts that the population in megacities will double by 2025.



Source: UBS 2018; Population, 2014

#### Car ownership

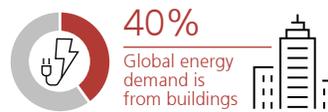
Car ownership is doubling every five years in many Asian countries. In urban areas it is doubling every 2-3 years. In China we will have 225mn new cars by 2025.



Source: UBS 2018

#### Energy needs

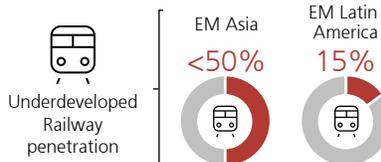
40% of global energy demand is from buildings. As EM cities expand to house rising migration from smaller towns, energy demand needs will rise sharply.



Source: UBS 2018; IEA, 2017

#### Mass transit systems

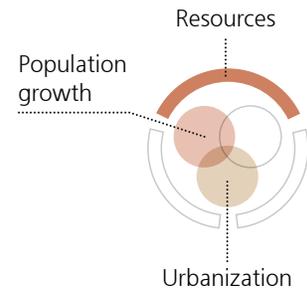
Railway penetration based on land area is highly underdeveloped in EM regions. In EM Asia it is less than 50% and Latin America at 15% of developed markets.



Source: UBS 2016; WEF 2016



### EM infrastructure investment properties



○ Influencer    ⊗ Key drivers

#### Near-term drivers

- Rising demand for labor
- Providing stimulus
- Increasing productivity and competitiveness

#### Sustainable investing impact

- Policies and programs for minimizing on local communities and ecosystems
- Health and safety management
- Effective anti-corruption policies

#### Impact investing (UN SDGs)

- SDG 9: Industry, innovation and infrastructure
- SDG 11: Sustainable cities and communities



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