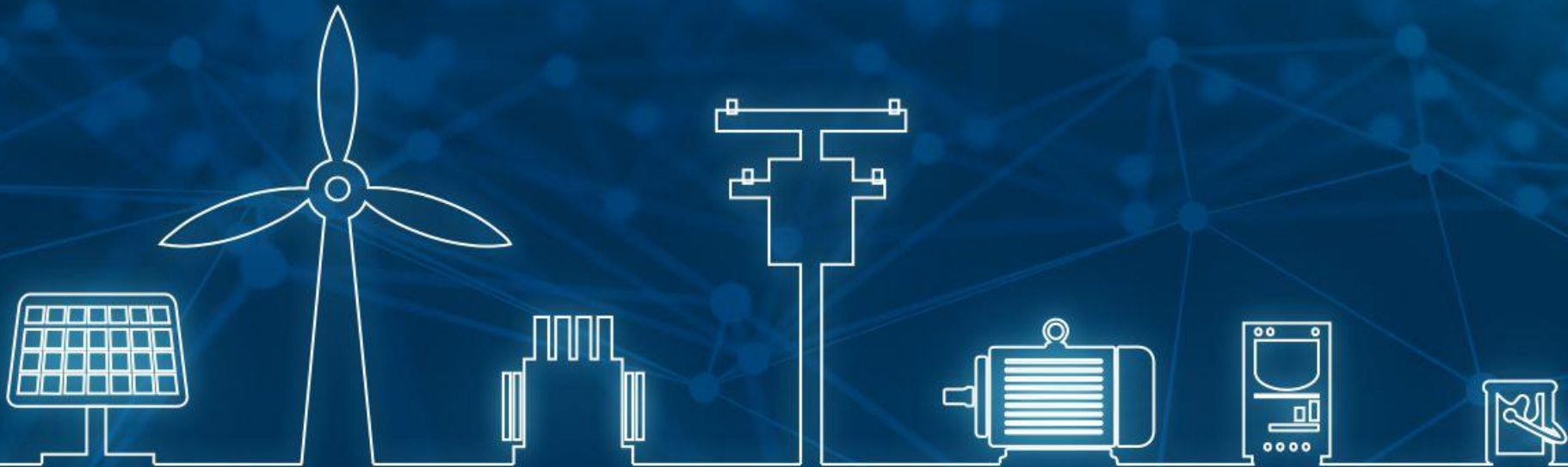


# North America

*Mr. Peter Barry*



**WEGDAY2018**

# North America

## *At a glance*



**+3,600**  
Employees



**8**  
Manufacturing sites



Strong brand recognition



Largest global market with significant growth potential



Broad product portfolio to serve the market



**16**  
Warehouses



TOP  
**2**  
Low voltage electric motor manufacturer in US

# North America Market Potential

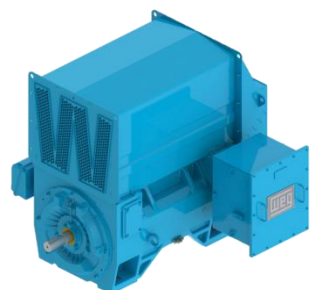
*Considering WEG's product scope*



## Low Voltage Motors

Market Size: \$2.9B

WEG's Share: 13%



## Medium Voltage Motors

Market Size: \$1.0B

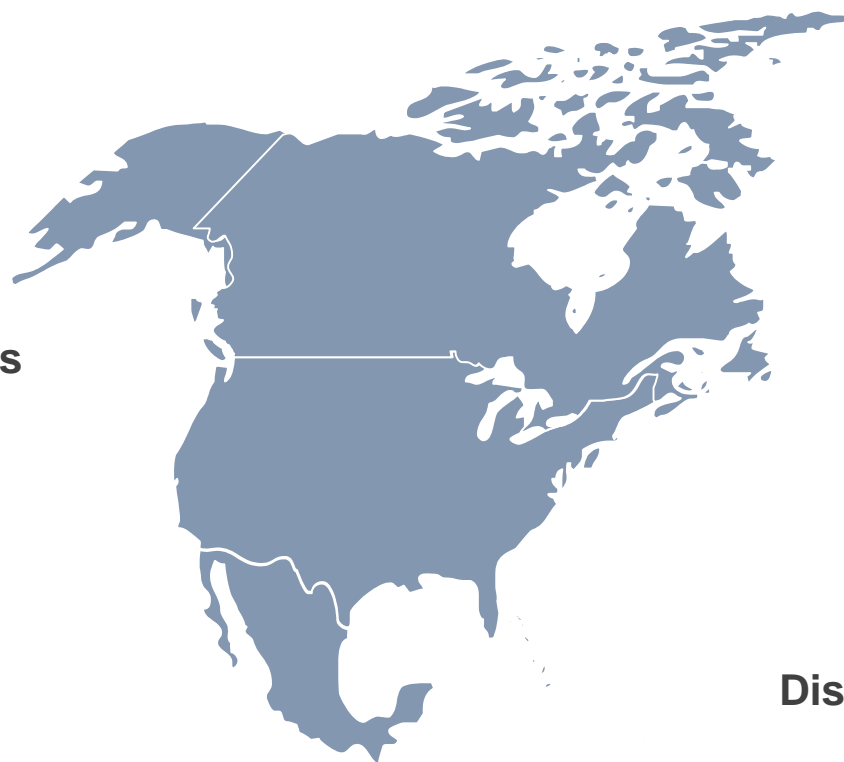
WEG's Share: 9%



## Gearing

Market Size: \$2.3B

WEG's Share: < 1%



## Drives (LV & MV)

Market Size: \$4.3B

WEG's Share: < 1%



## Power Transformers

Market Size: \$2.9B

WEG's Share: 3%



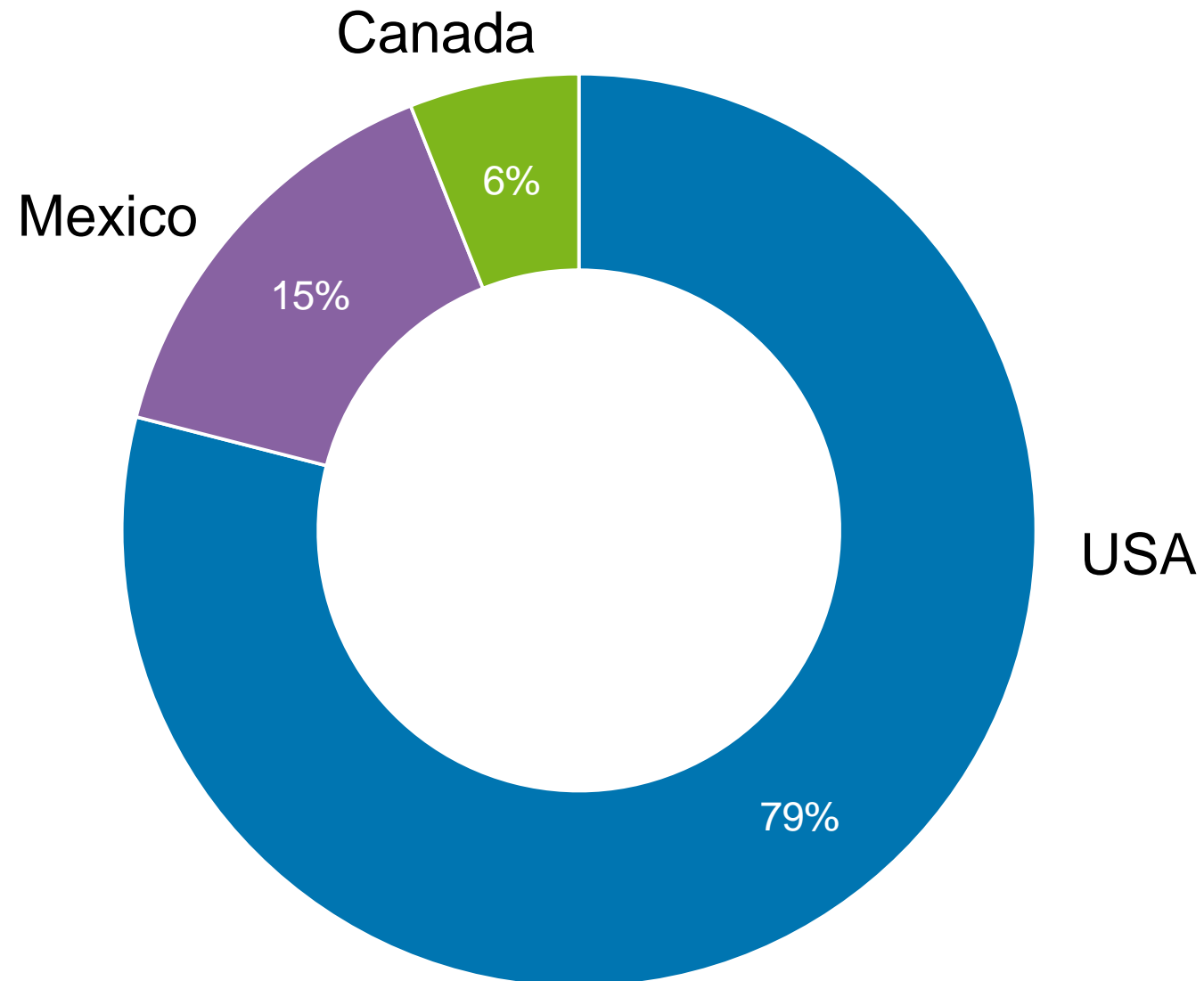
## Distribution Transformers

Market Size: \$1.3B

WEG's Share: 8%

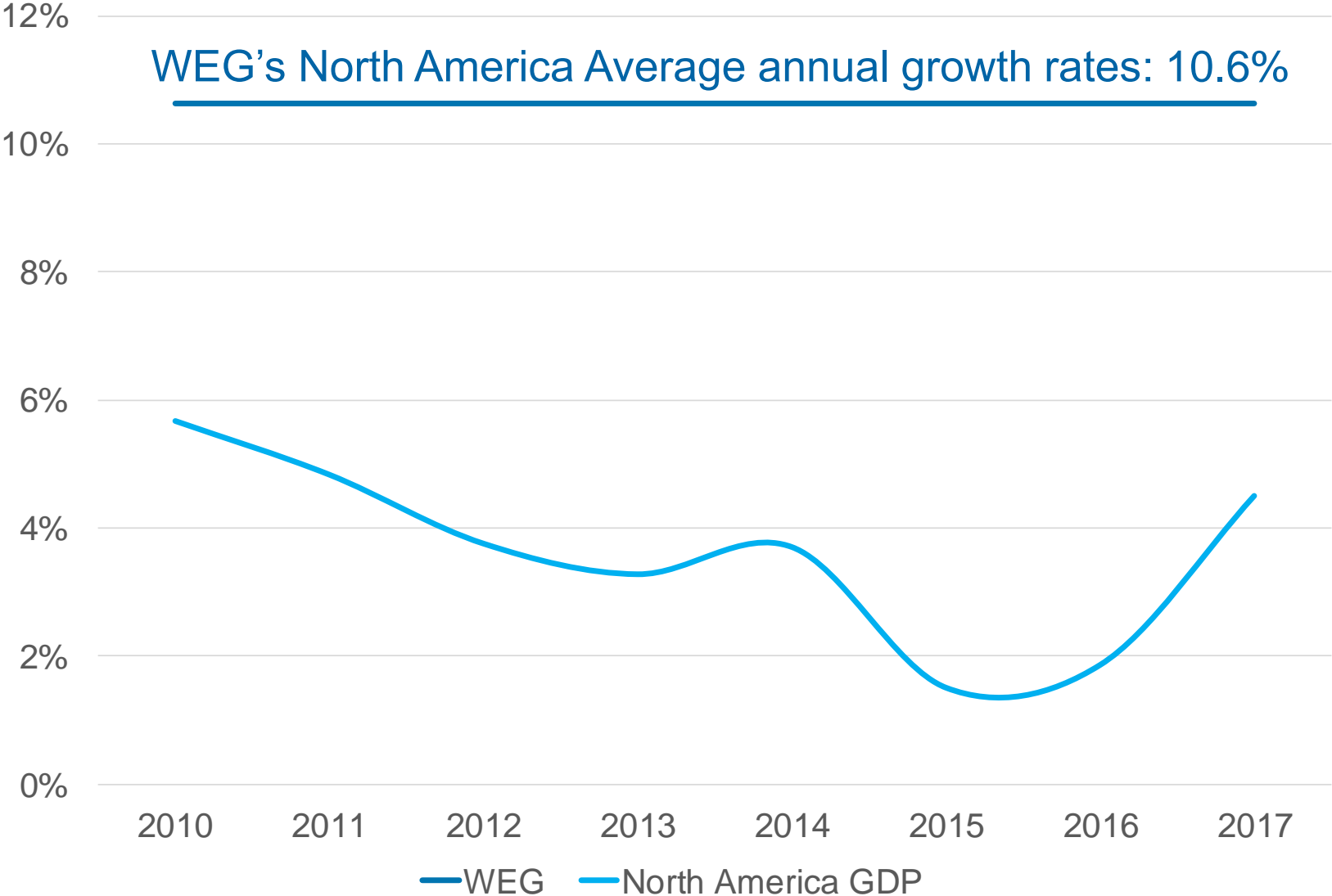


# Revenue in 2017 by Country



# Annual growth rates

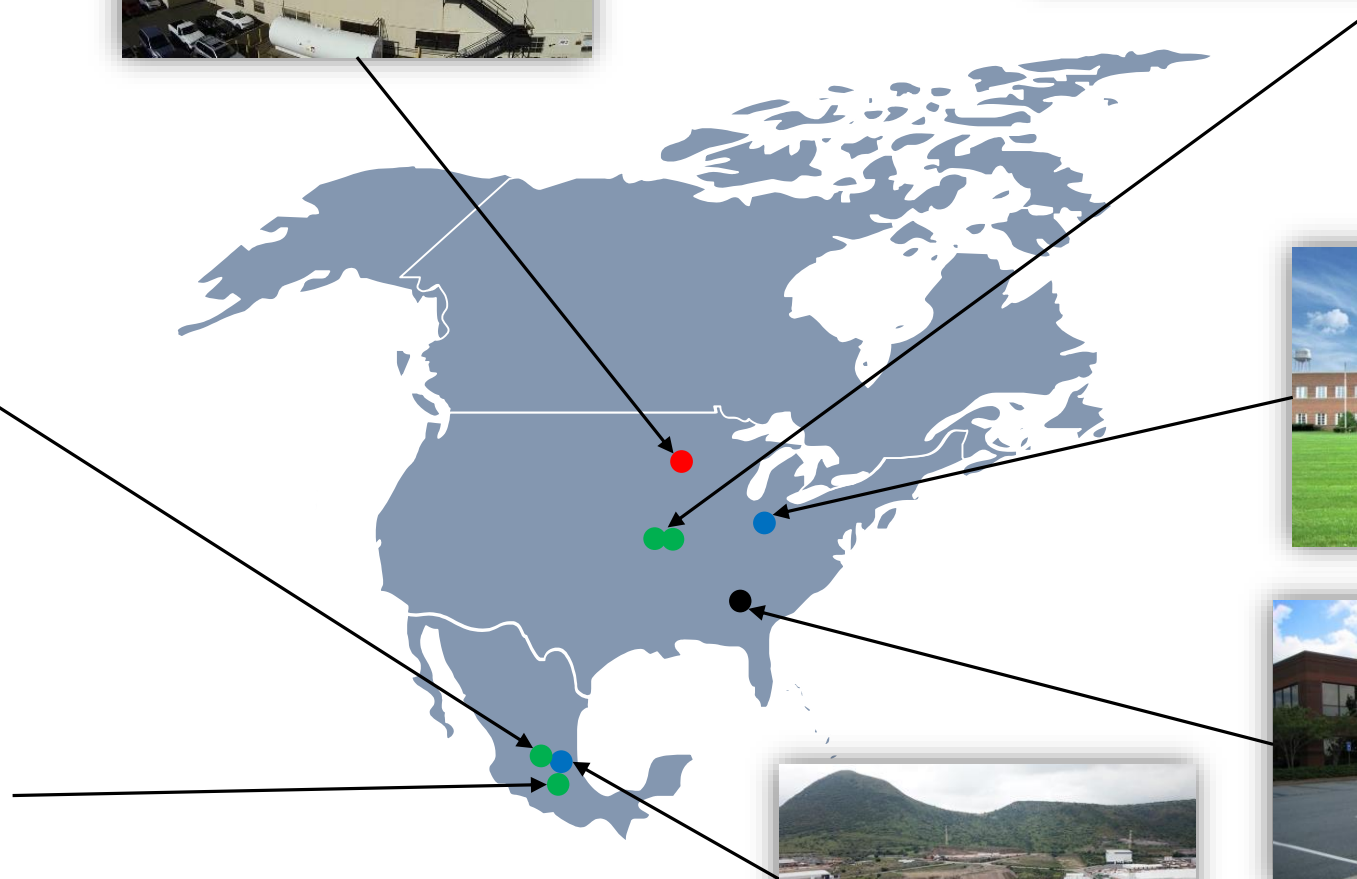
## WEG vs North America GDP





# Manufacturing in North America

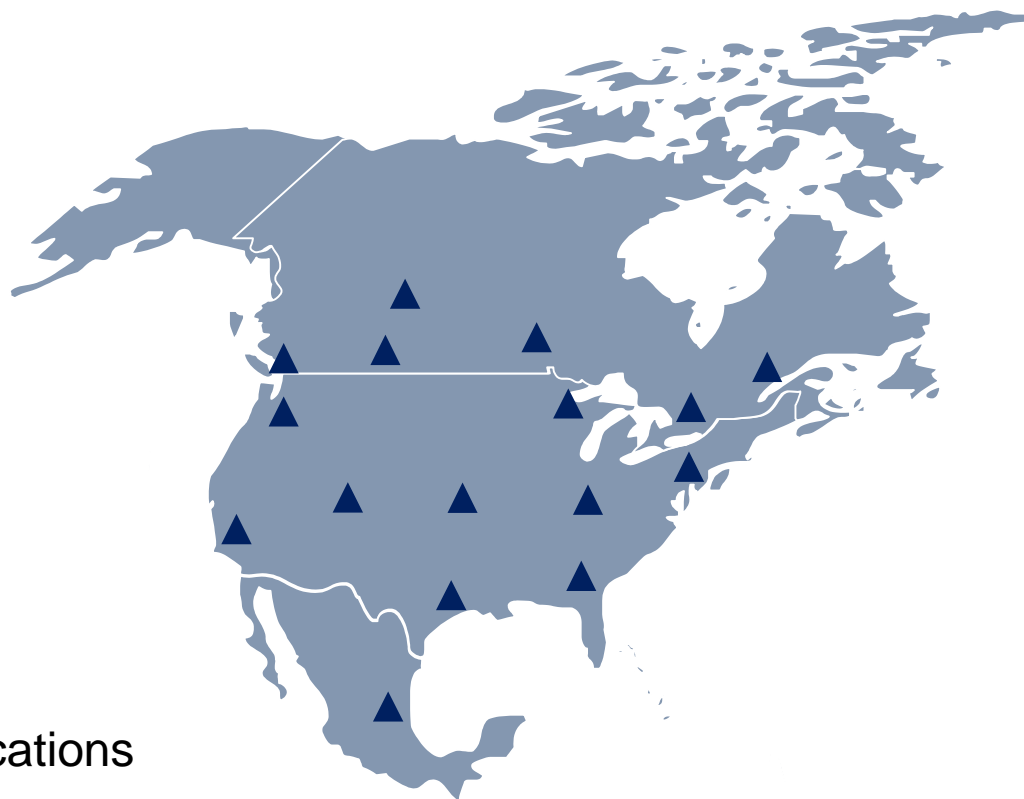
- Transformers
- MV Motors
- LV Motors
- Automation Panels



**3,600 Employees**

# WEG Regional Distribution Centers

- **Speed** Same day shipments to regional markets
- **Flexibility** High Flexibility to perform product modifications
- **Availability** Regional Inventory of catalog products
- **Service** 120 Dedicated Salespeople



▲ 16 Warehouse locations

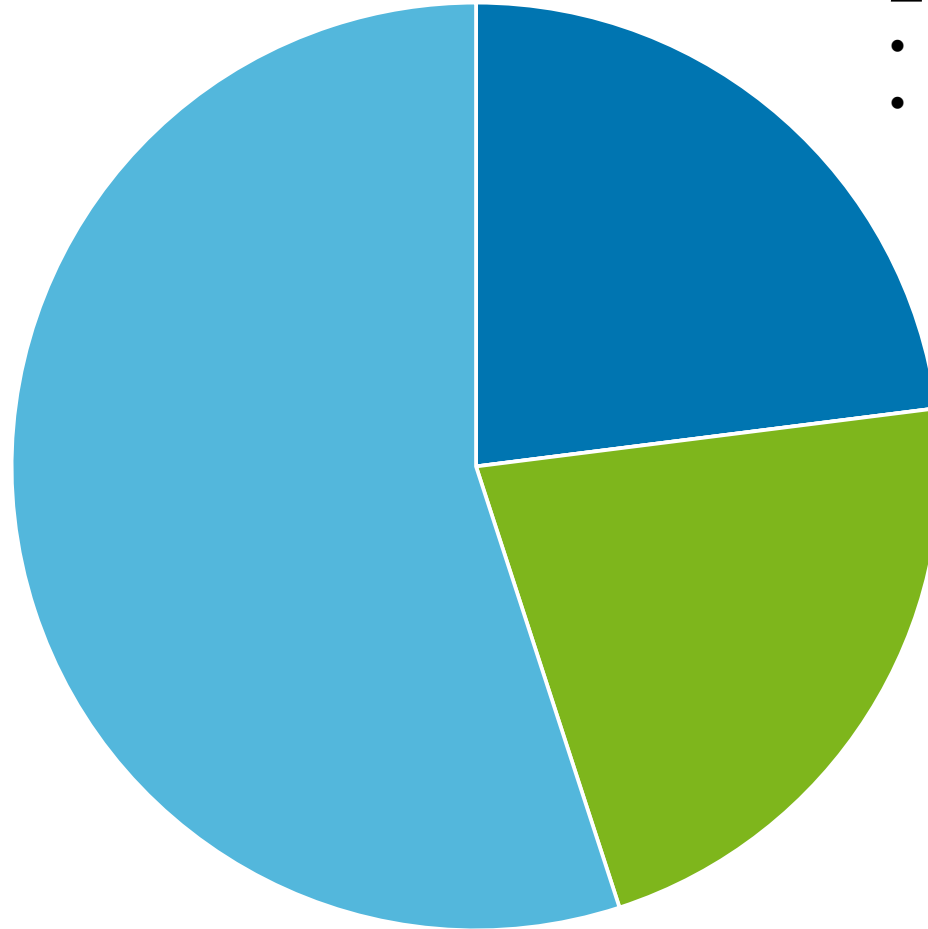
# Market Position

## Sales Channels

### OEMs

#### 55%

- Ventilation
- Pumps
- Compressors



### Distribution

#### 23%

- Local Inventory
- Services

### End Users

#### 22%

- Oil & Gas
- Pulp & Paper
- Utilities



# Local Distribution Partner Network

- Same day delivery to local markets
- Value added local services and relationships

Motion Industries

Applied Industrial Technologies

Grainger

BDI

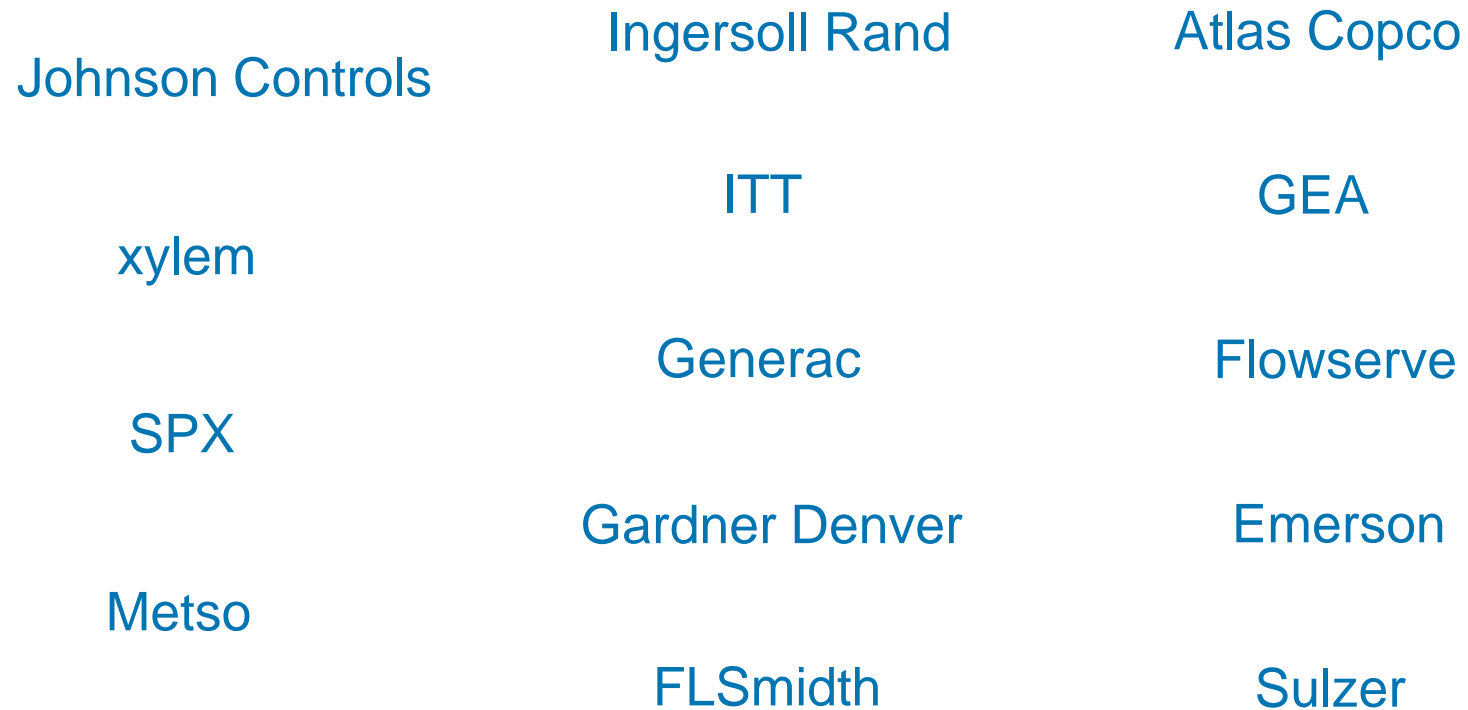
Purvis Industries

EASA

Over 2,500 active distributor locations

# OEM Customers

- Volume flow business and projects
- Building the installed base for after-market distribution
- Customized service approach to each customer
- Diverse Industries



Over 2,000 active OEM accounts

# End Users

- End User approvals and preference to drive demand through channels
- Growing acceptance of wider range of WEG products
- Diverse end market exposure

PRAXAIR

ExxonMobil

PEMEX

International Paper

Georgia-Pacific

Phillips 66

American Electric Power

ArcelorMittal

WestRock

LAFARGE

Vulcan

Cemex

Exelon

Air Liquide

# Growing Brand Recognition

*Improved recognition allows faster launch and acceptance of new products*



## Control Magazine 2017 Readers Choice Awards

A vote for a specific company should mean the respondent has found its products to be better than other companies' in that category.

### 2017 Results

#### Electric Motor

1. Baldor Electric
2. Siemens Industry
3. WEG
4. GE Power Conversion
5. ABB

### 2014 Results

#### Electric Motor

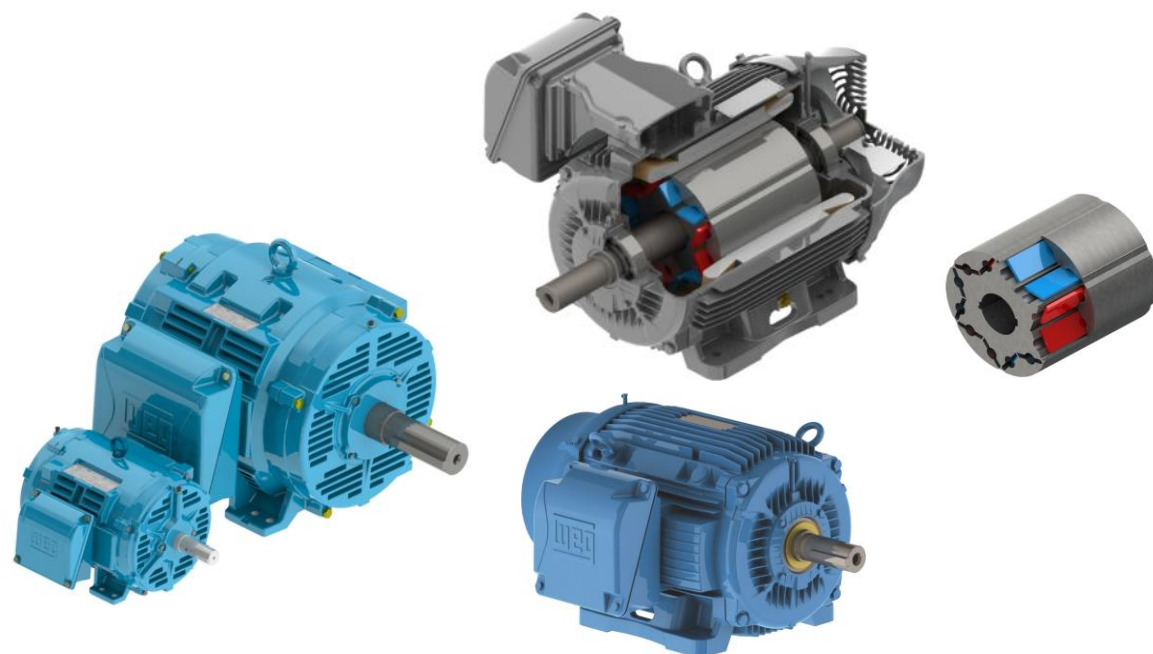
- Baldor Electric
2. Siemens Industry
3. ABB
4. US Motors
5. Toshiba

# Ability to compete across the market

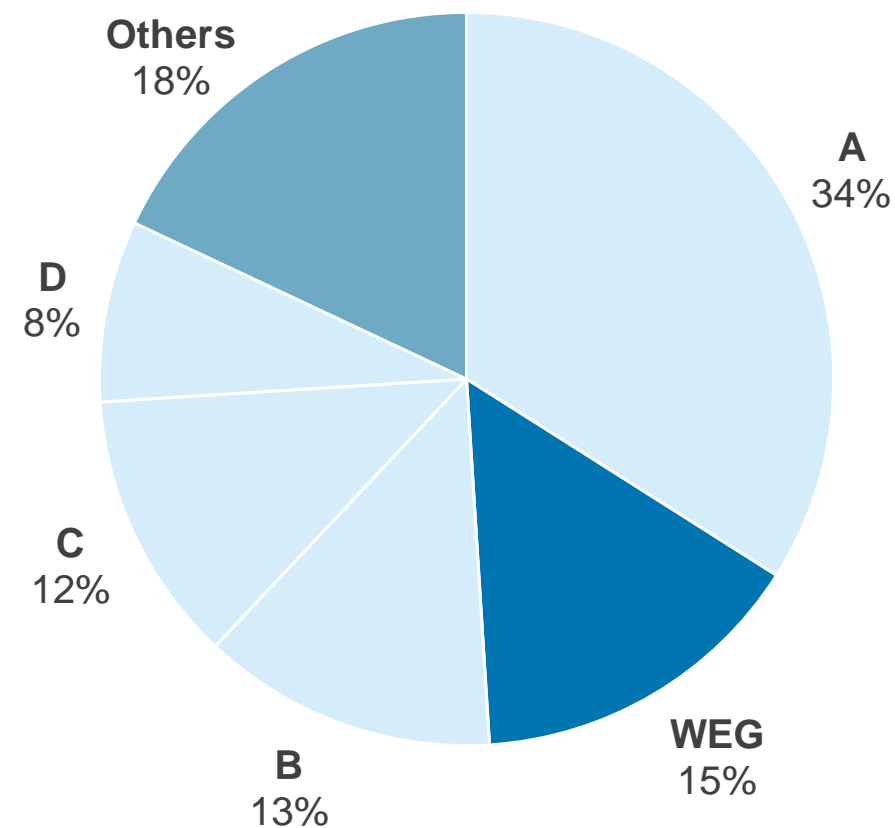
- High volume production in low cost areas to serve standardized product market requirements
- High level of flexibility to serve value added customized markets
- High spec products appealing to the End-Users driving market pull through
- Corporate shared services to efficiently support new businesses

# Integral HP – Low Voltage Electric Motors

- Broad Product Line
- Superior Availability
- More Flexibility
- Continually expanding product offering
- Latest technology in product designs



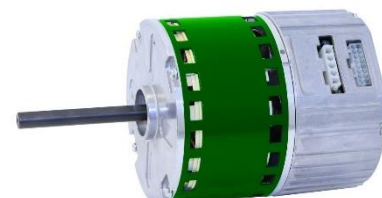
## NEMA Members US Share



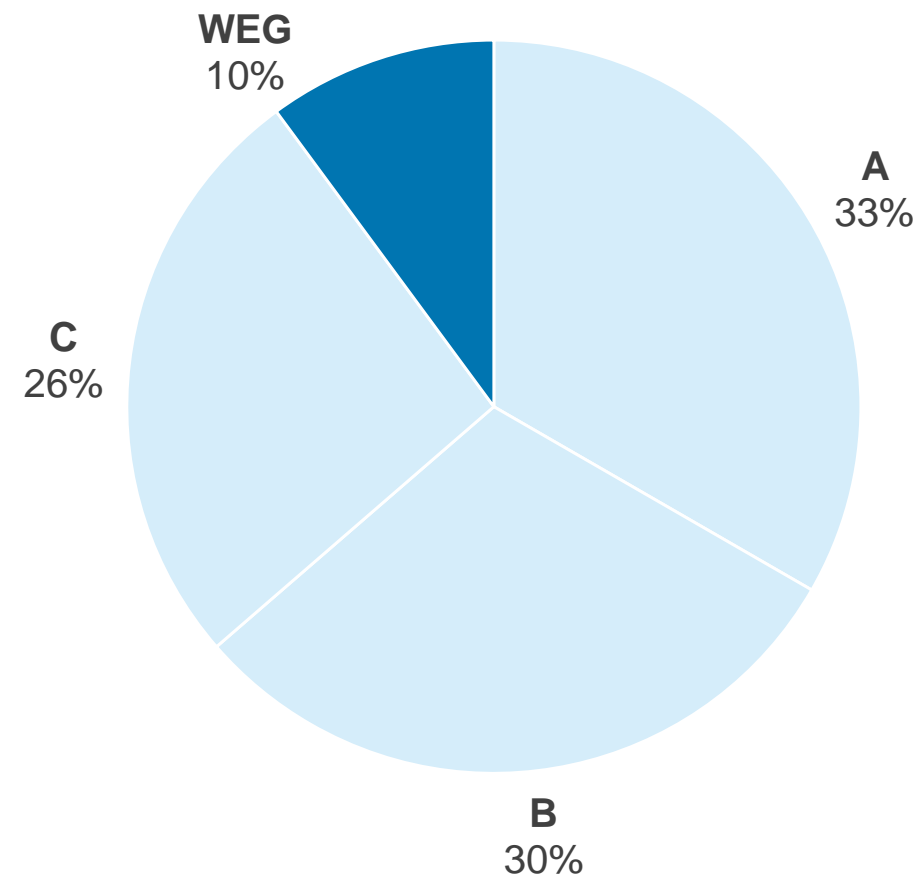


# Fractional HP – Low Voltage Electric Motors

- Customized motor capability in USA
- High volume and standard products from Mexico and Brazil
- Access to WEG Distribution channels
- Product development – Variable Speed Technology

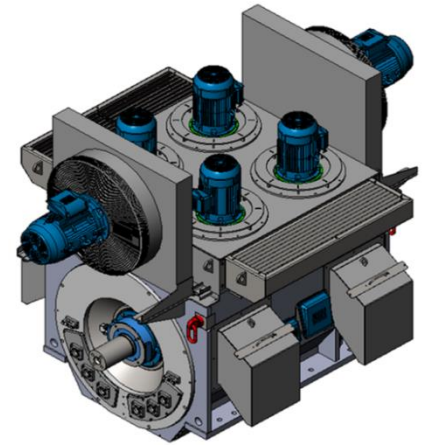
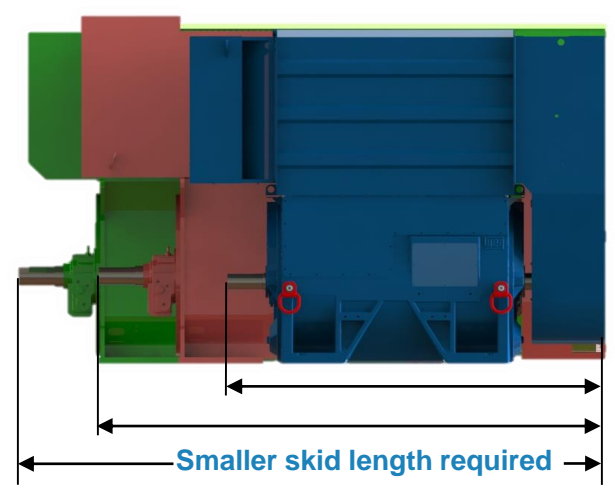


## NEMA Member US Companies Commercial/Industrial Fractional Motors

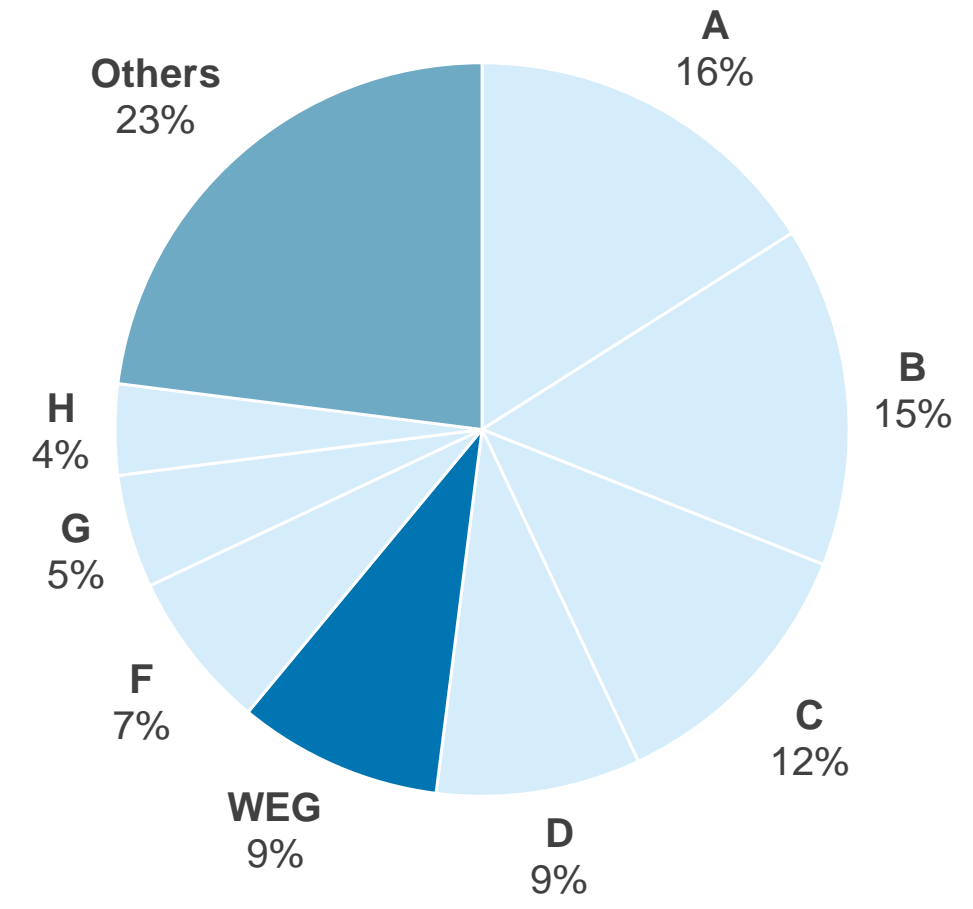


# MV Motors & Generators

- Global manufacturing footprint to compete in all market segments – USA, Mexico, India, Brazil
- High level of flexibility to meet customer needs
- New Product Development opening new opportunities
- Service opportunities to serve the installed base



## North America Market Share



Data Source: IHS and WEG's market intel

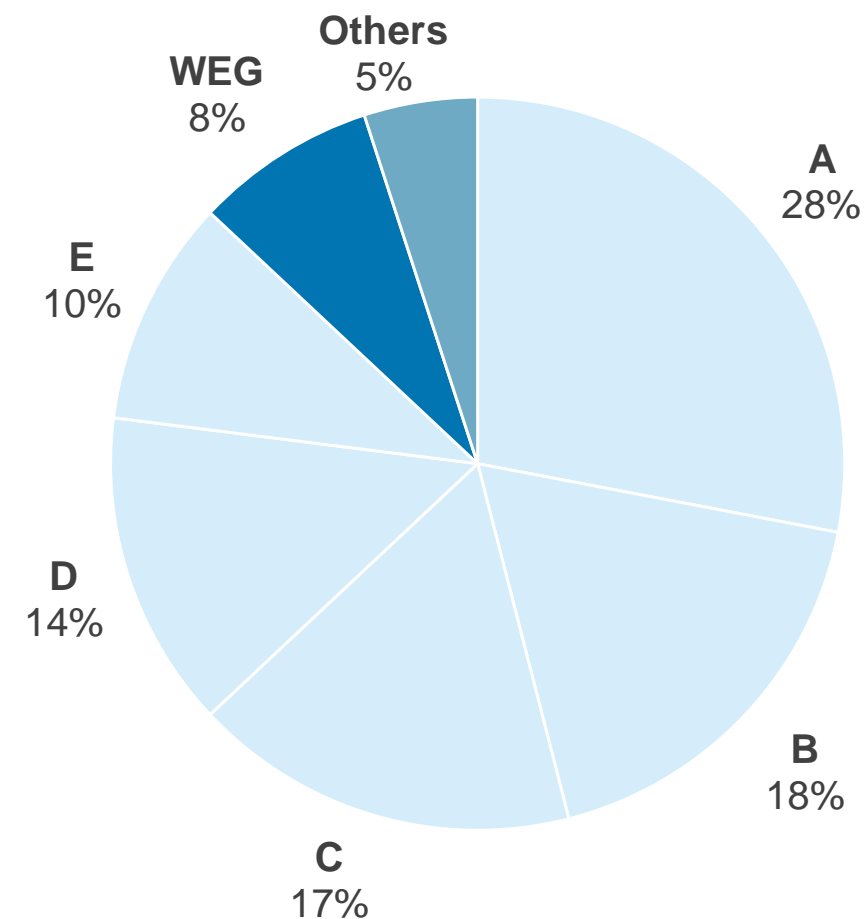
# Distribution Transformers

## *Three Phase liquid-filled only*

- Ability to participate in many segments
- Investor Owned Utilities
- Dedicated designs for Renewable power
- Commercial/Industrial Market channel access



## North America Market Share

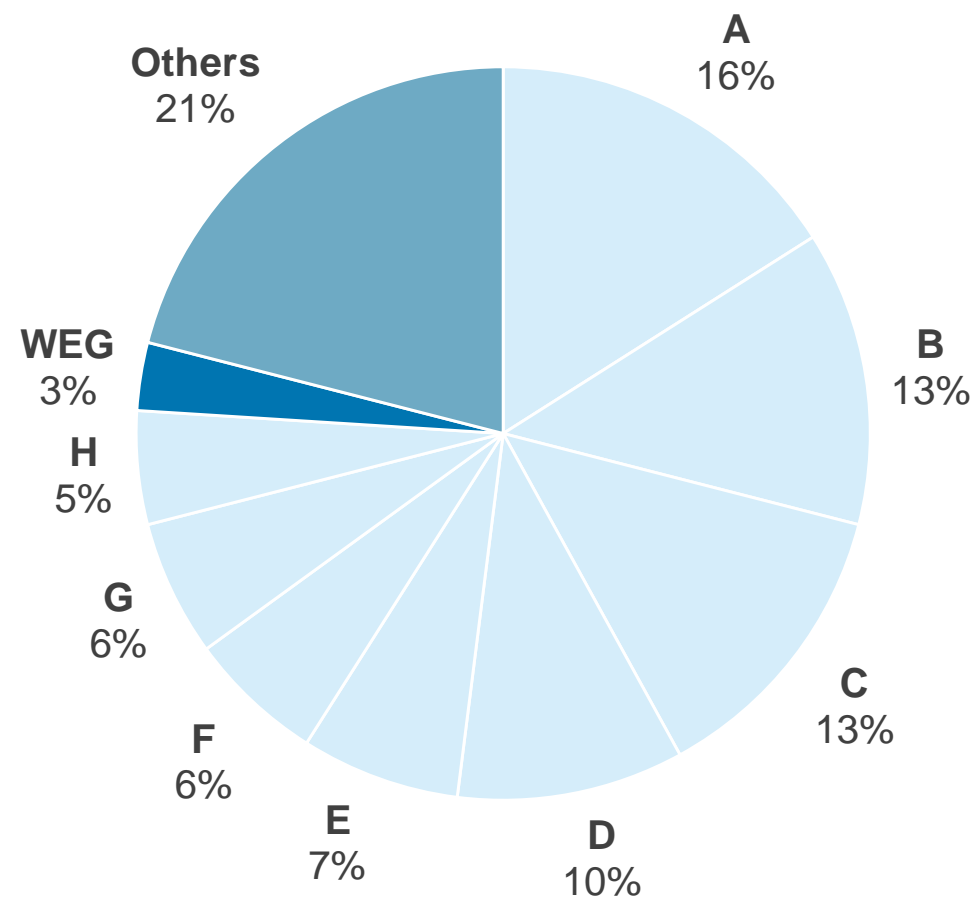


# Power Transformers

- Ability to compete in all market segments
- Investor Owned Utility – Local support
- Public Power – Cost/Quality
- Renewable Power – Leading designs
- Industrial – Channels to market



## North America Market Share



Data Source: NEMA, EEMAC, Frost & Sullivan, LEK, US Census Bureau, Stat Can & WEG's market intel

# Automation

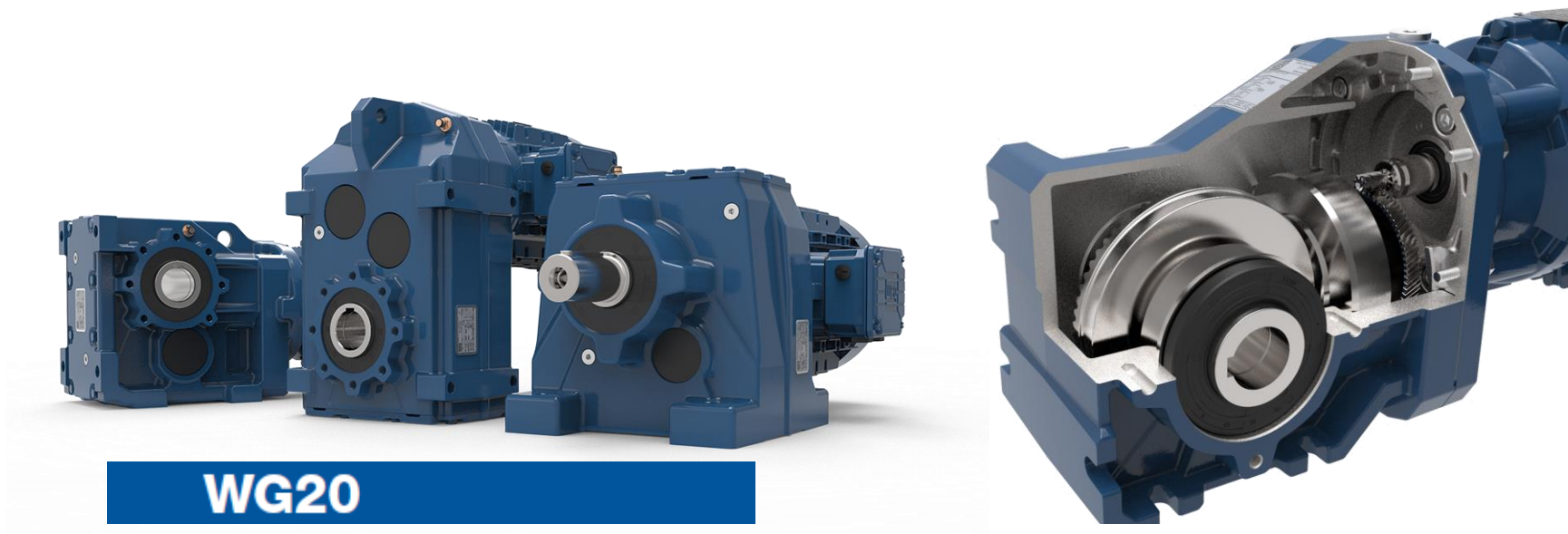
- Broad product portfolio to serve wide range of market
- Access to WEG Motors customer base
- Panel building in USA, Mexico and Canada to offer custom solutions
- Medium voltage development and assembly in USA





# Gears – New Business

- New product line launch in 2018-2019
- Industry standard dimensions
- Build Centers in USA, Canada and Mexico
- Access to WEG Motor Customer base





# Key messages

## *North America*

- US Industrial Production anticipated to continue growth
- Focus on expansion of customer base and new products
- LV and MV motors to experience steady growth through expansion of efforts with key industrial end-user markets
- Automation to continue with above average growth
- Transformers to gain share in traditional utility markets