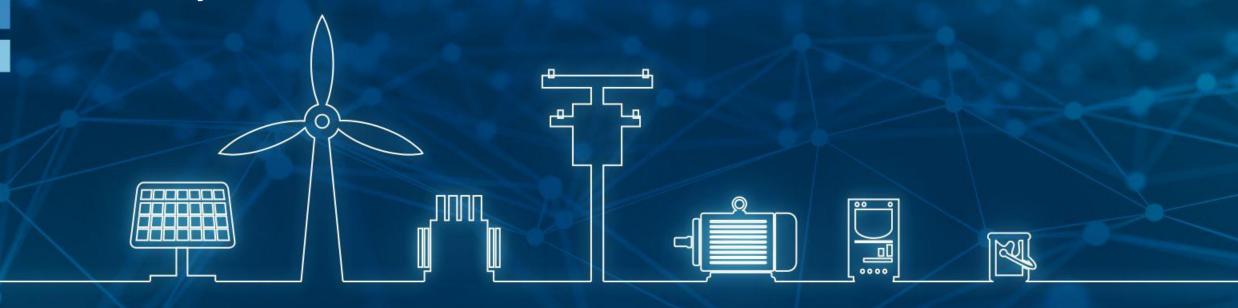
Strategy and Outlook

Mr. Harry Schmelzer Jr.



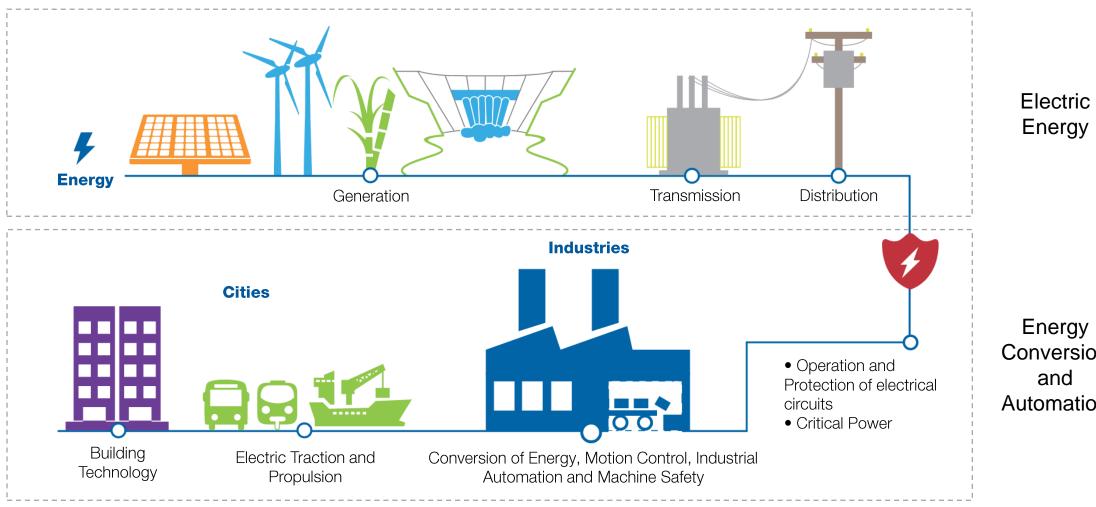
WEGDAY2018-

Our Mission

Continuous and sustainable growth maintaining simplicity



Energy The heart of our business



Conversion Automation



Opportunities to continue expanding our businesses worldwide

We will continue to expand into new geographies, in most cases with industrial electric motors. As we have established market positions and/or recognized brands, we will leverage those to synergistically expand the product line.

International Expansion

We will continue to look for M&A with a clear vision of attractiveness of opportunities and of the strategic fit with our business model, always considering the two main drivers: market access and technology

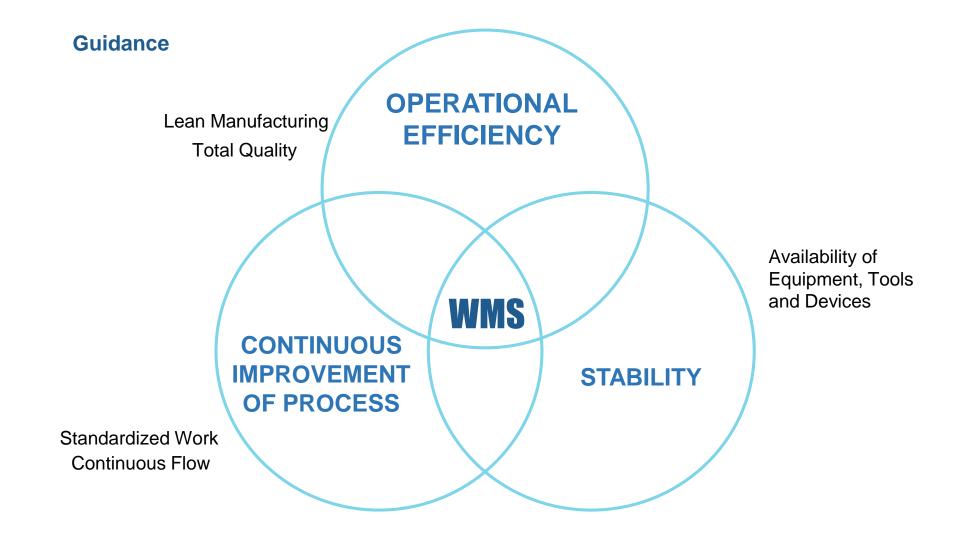
M&A

New Businesses

We will also continue to expand the product line into business / products that complement the offering and allows us to offer our clients more complete and efficient solutions.

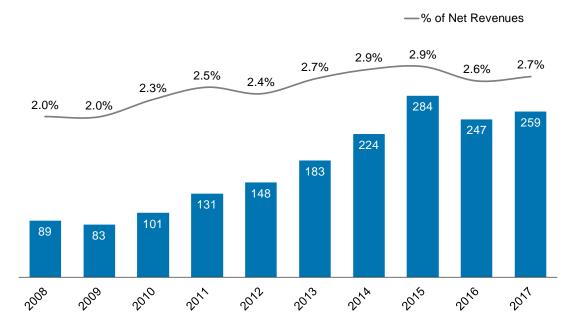


Operational Excellence WMS – WEG Manufacturing System

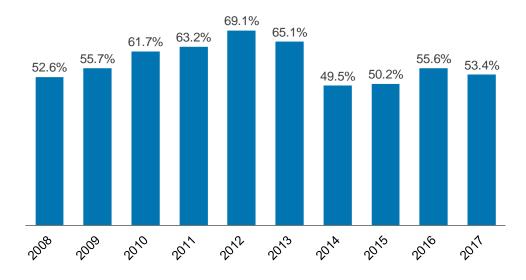


Continue investing in R&D

Research & Development (R\$ million)



Products launched in the last 5 years (% of Net Revenues)



Recent projects in R&D according Business Areas:

Electro-Electronic Equipment: Motor Scan, Motor Drive W22, W23 Motors, Powertrain

GTD: Wind Turbines 4.0 MW, Solar Electric Center, Solar String Inverter, Mobile Substations

Motors for domestic use: EC motor (Electronically commutated motor)

Paints: Antimicrobial paints, anti-fouling paints, anti flame coatings (unique at Brazil)



International expansion plan



Domain of Technology

- Investments on engineering and R&D
- WEG Technological Center
- Establishment of representatives, service agents and distributors

Globalization

- First factories outside Brazil: Argentina, China, Mexico and Portugal
- Entry in the Asian market

1960

1970

1980

1990

2000

2010

First exports

- Starting with Latin America
- First containers shipment (Canada)

Internationalization plan

- Opening of the first overseas Commercial Branches
- Launch of WEG Exportadora (Trading Company)

M&A in line with new Strategic Plan

Including overseas acquisitions in:

- Argentina
- South Africa
- USA
- Austria
- China
- Portugal



Recent strategic plan

Mergers & Acquisitions

Market Access

ZEST 2010 2011 **VOLTR/IN BLUFFTON**MOTOR WORKS 2010 2016 watt drive AUTRIAL SECOVI for ecological vision 2015 2011 2011 CG Power USA June 2017 efacec Energy Service Ltda SUNTEC Grupo WEG IGM 2014 2014 2015 December 2016 TSS 2014 2015 STARDUR Grupo WEG 2013 WEG 2012 Pulveriux Grupo WEG 2014 2012 2011 ftc®
energy group * INJETEL 2014 EquisulGPL Northern POWER SYSTEMS 2016 2012 2010 2010

Technology

Market and technology access What we have done recently?

Renewable Energy

- Wind turbines and EPC solution
- Inverters and Electric Center for Solar Energy and EPC solution
- Solution for Solar Distributed Energy
- Steam turbine

Electric Motor

- Large electric machines technology and better structure for after sales services
- Structure for greater aggressiveness of sales and services in the commercial motors segment

Appliance Motors

 Appliance business internationalization with acquisition in China

Transformers

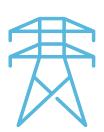
 International progress with the transformers business through acquisitions in Mexico, South Africa, Colombia and USA













New business development

Wind





Solar





Steam Turbine

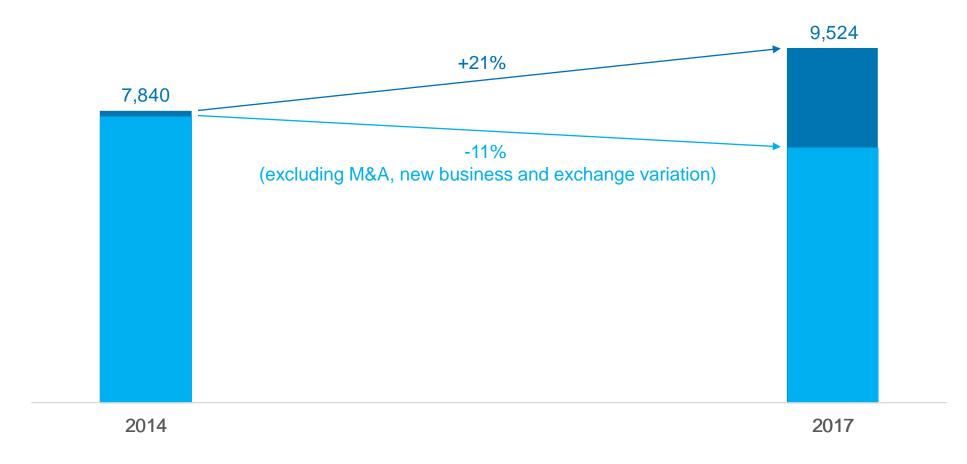






Our strategy proved to be right

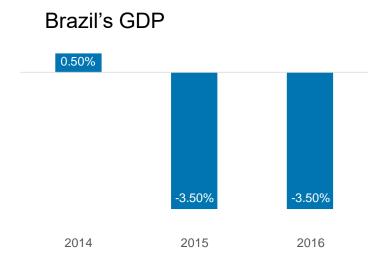
Sales performance has been positively impacted by M&A and new businesses



On the other hand, it means that the performance of our "mature" businesses faced a challenging macroeconomic scenario



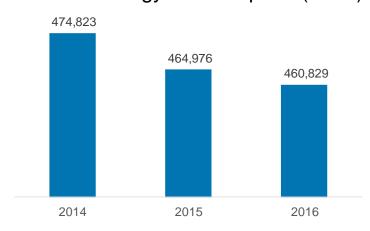
Macroeconomic scenario Challenging scenario from 2014 to 2016



Iron Ore



Brazil Energy Consumption (GWh)

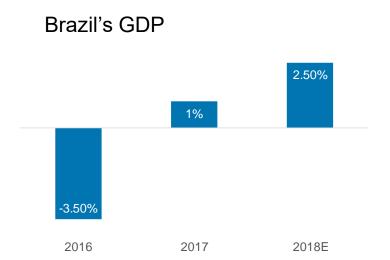


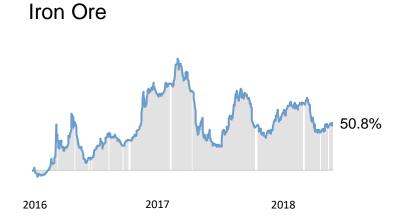
Oil WTI



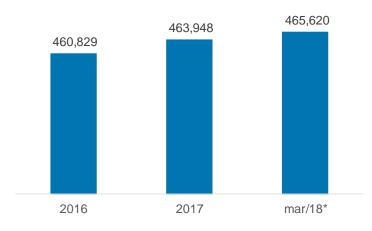


Macroeconomic scenario Better perspectives from now on

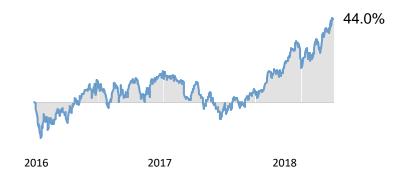




Brazil Energy Consumption (GWh)



Oil WTI





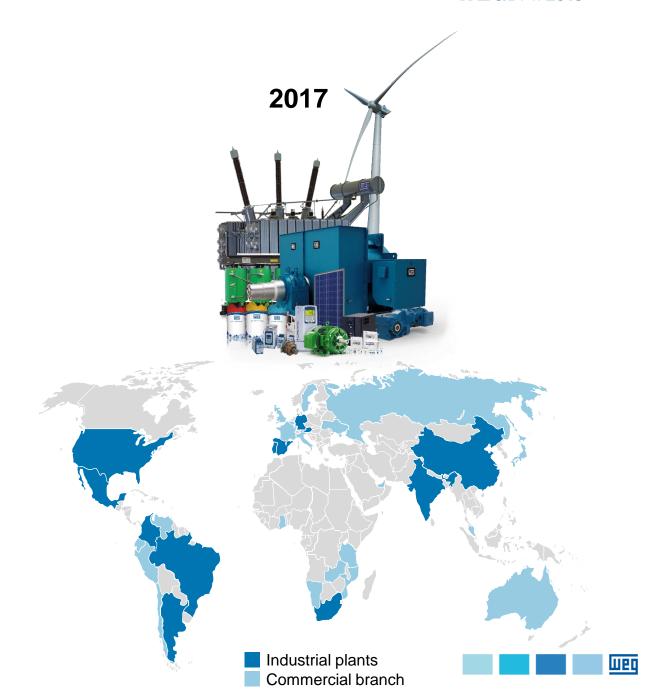
WEG Evolution

1961

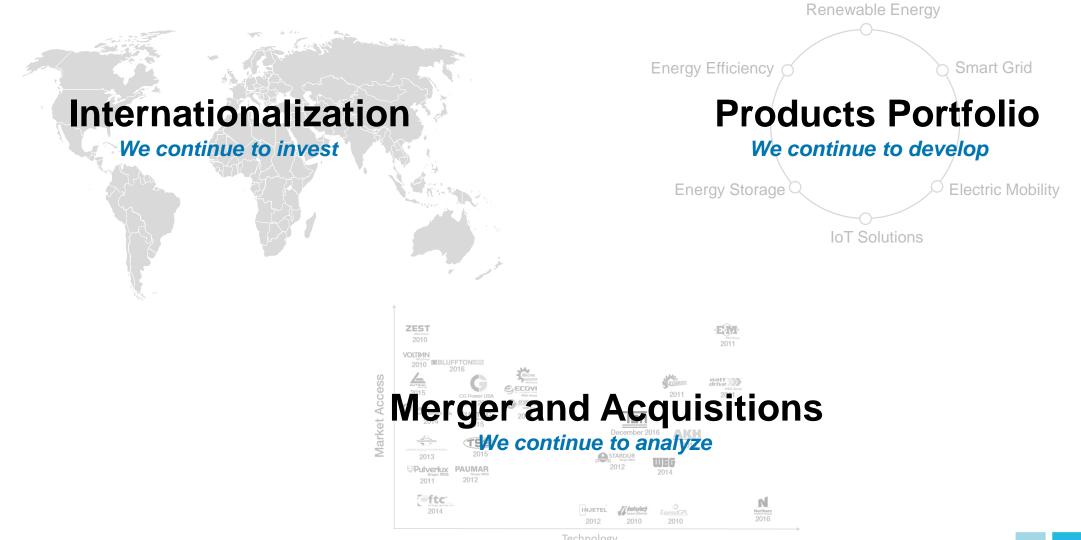








Our strategic plan continue the same



But, where is our focus on short term?

