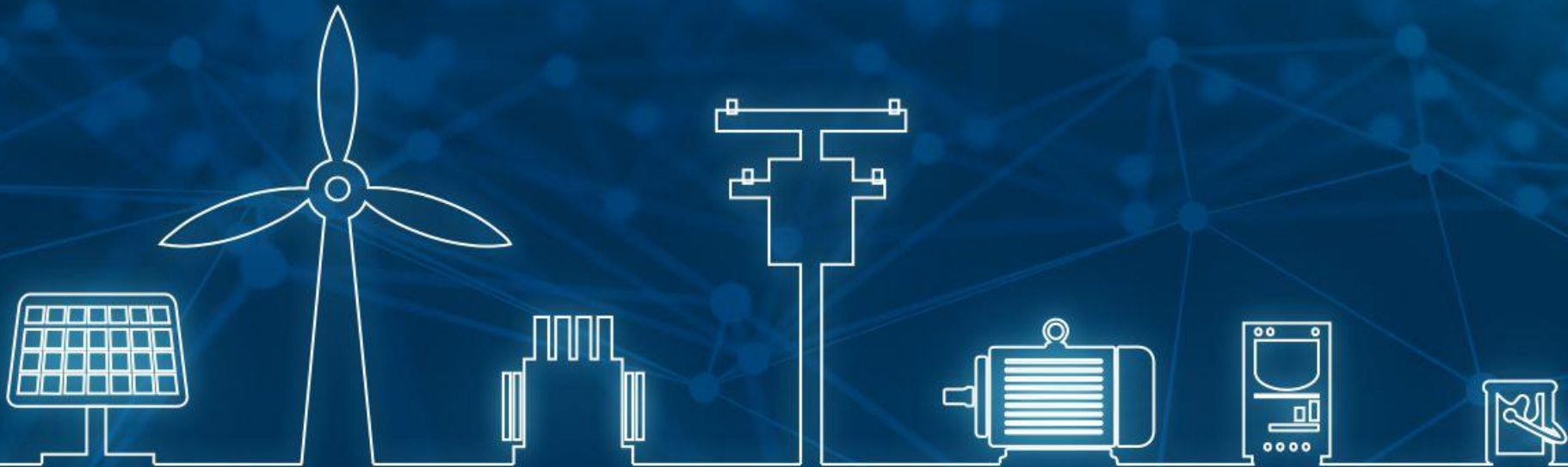


Strategy and Outlook

Mr. Harry Schmelzer Jr.

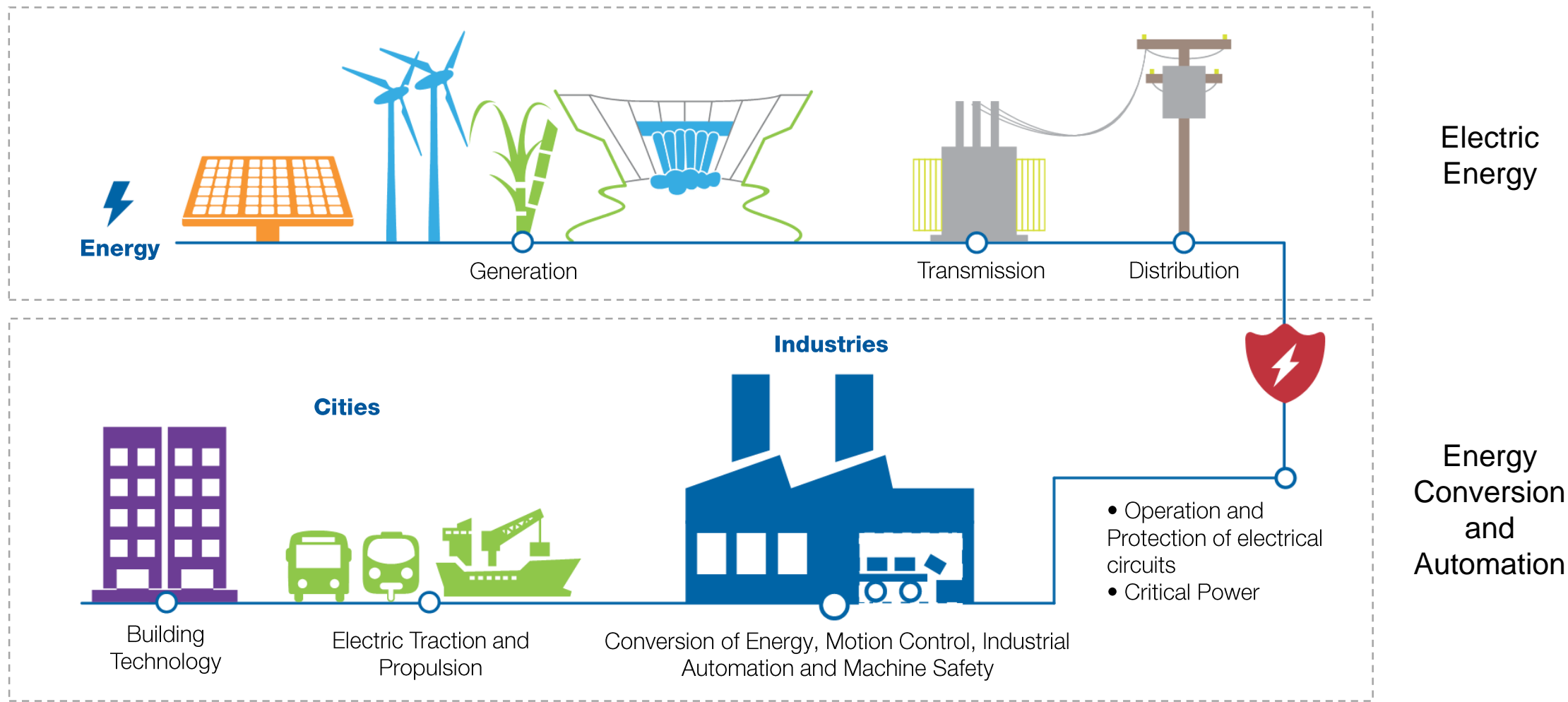


WEGDAY2018

**Continuous and sustainable growth
maintaining simplicity**

Energy

The heart of our business



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

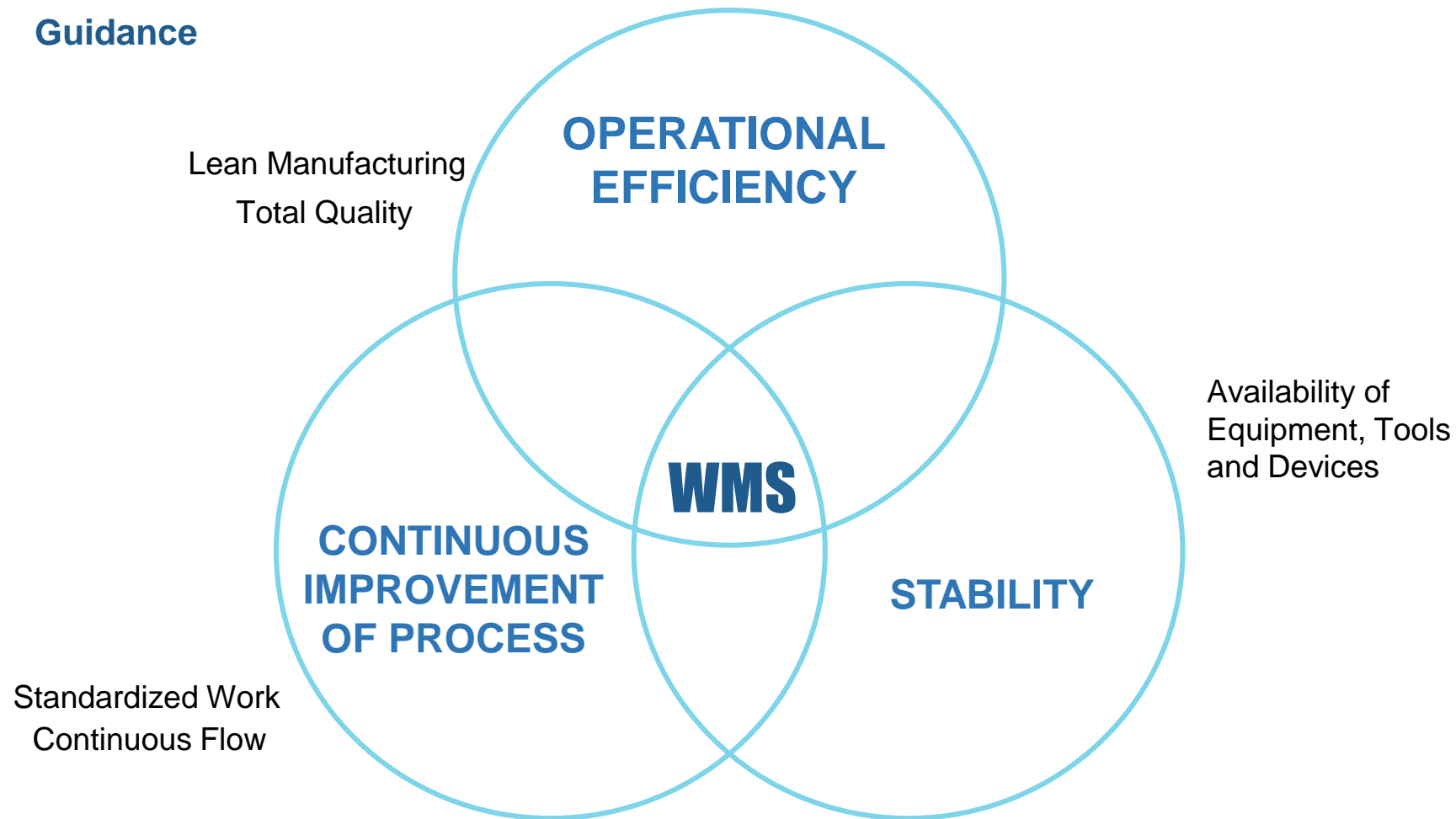
M&A

New
Businesses

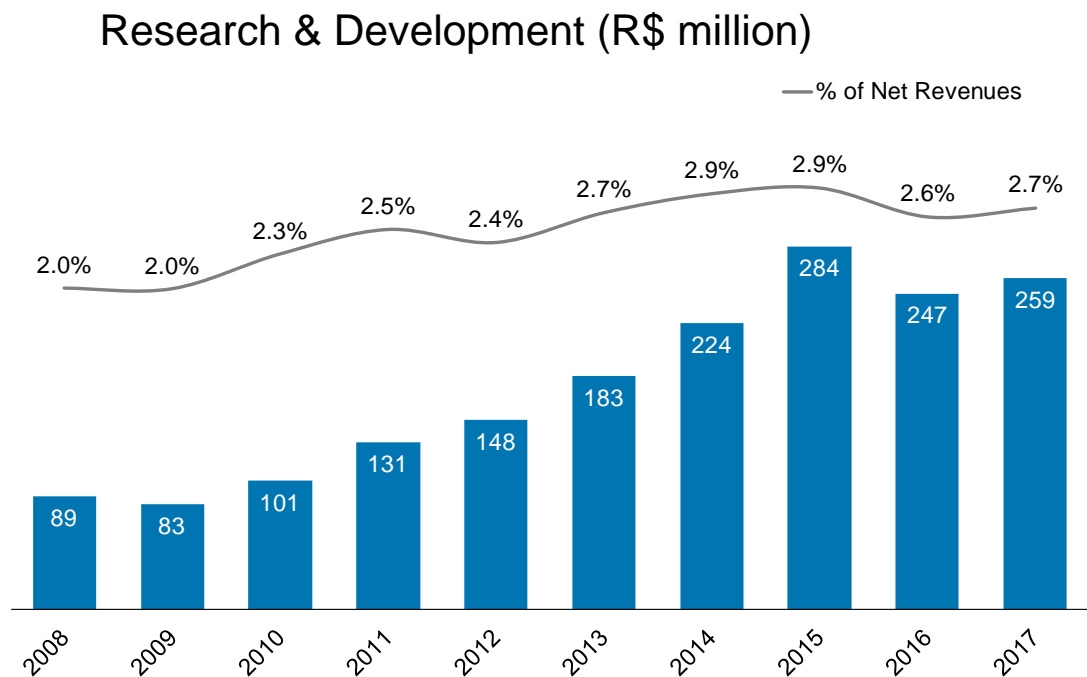
We will also continue to expand the product line into business / products that complement the offering and allows us to offer our clients more complete and efficient solutions.

Operational Excellence

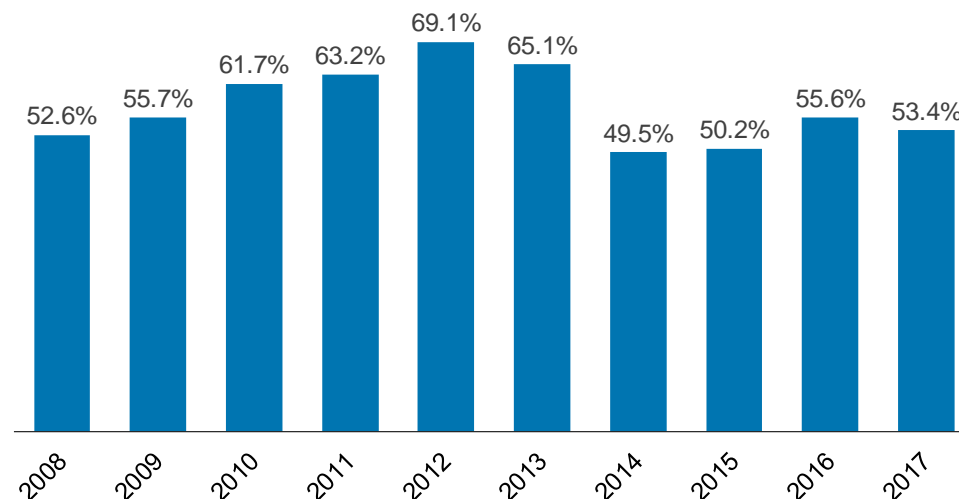
WMS – WEG Manufacturing System



Continue investing in R&D



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



Recent projects in R&D according Business Areas:

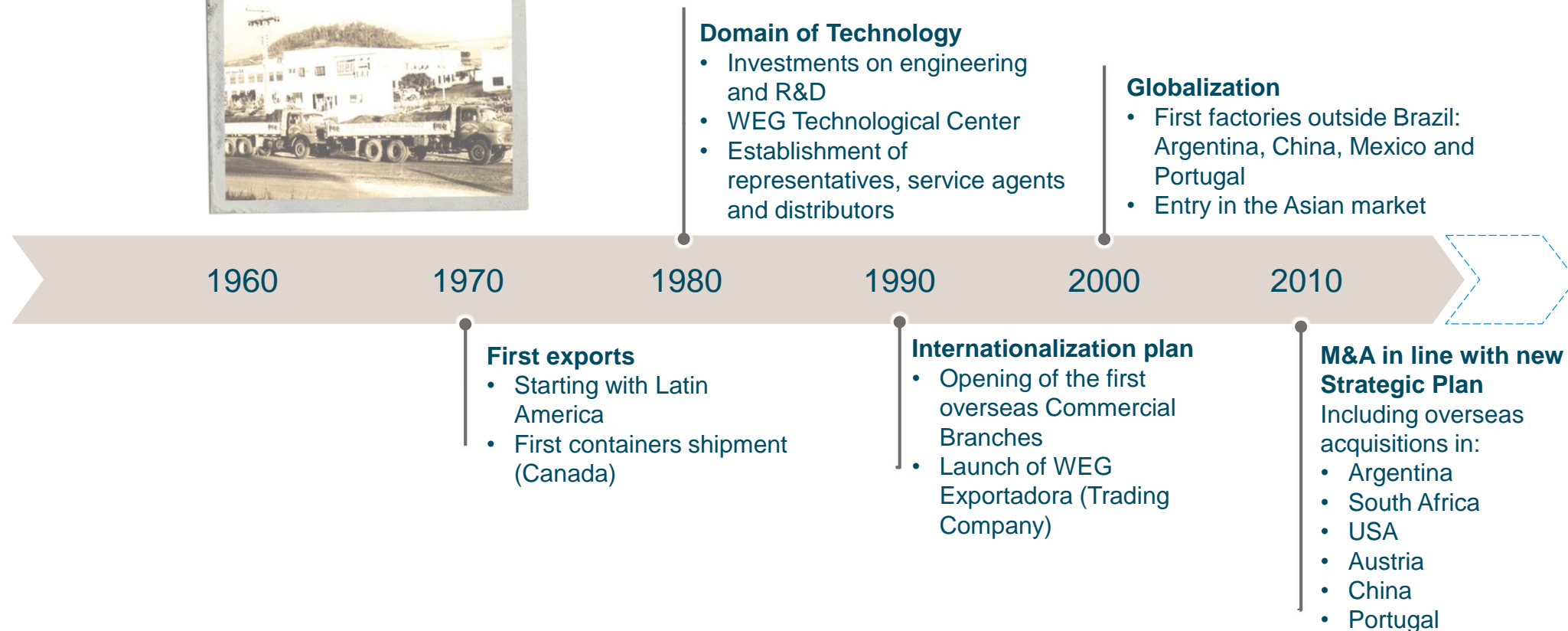
Electro-Electronic Equipment: Motor Scan, Motor Drive W22, W23 Motors, Powertrain

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

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

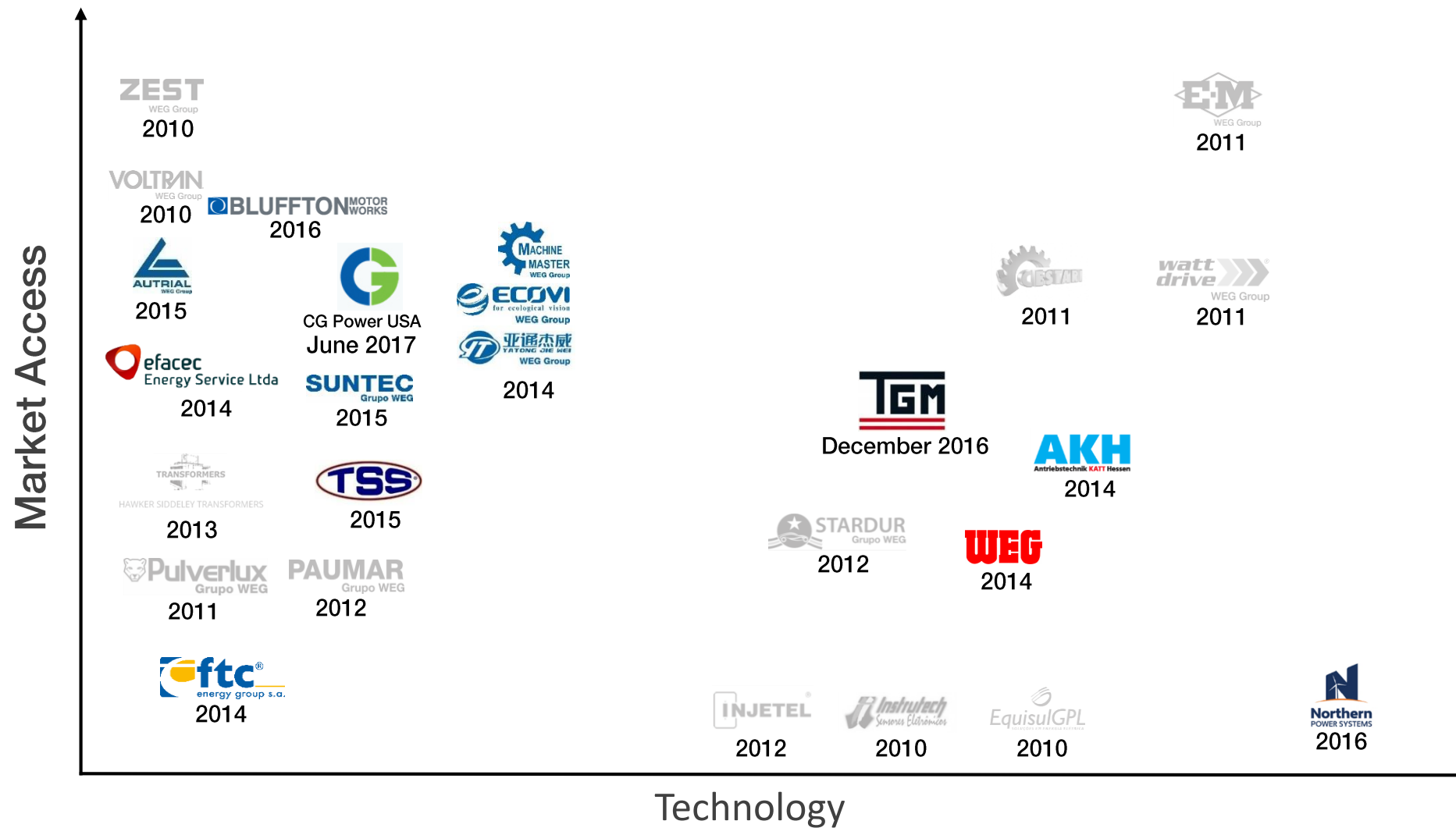
Paints: Antimicrobial paints, anti-fouling paints, anti flame coatings (unique at Brazil)

International expansion plan



Recent strategic plan

Mergers & Acquisitions

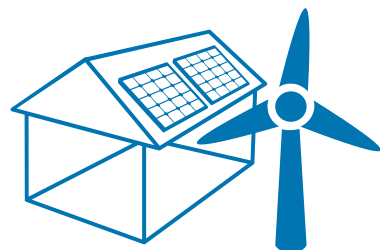


Market and technology access

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



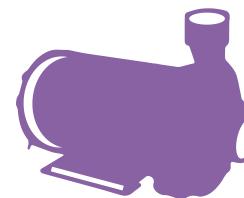
Electric Motor

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



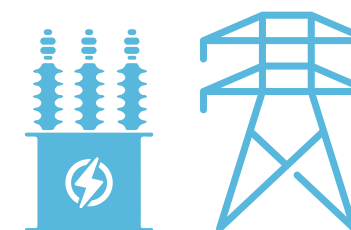
Appliance Motors

- 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

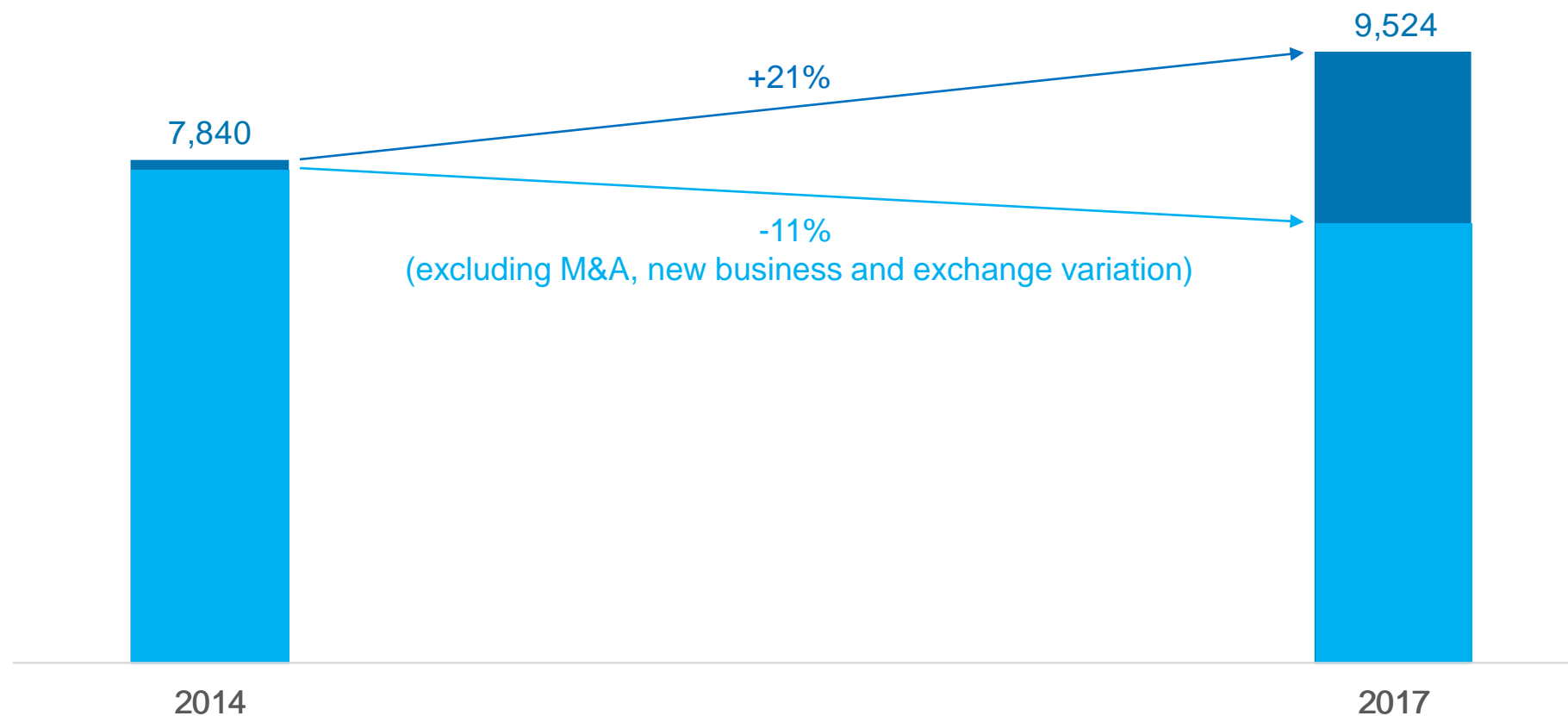


Steam Turbine



Our strategy proved to be right

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

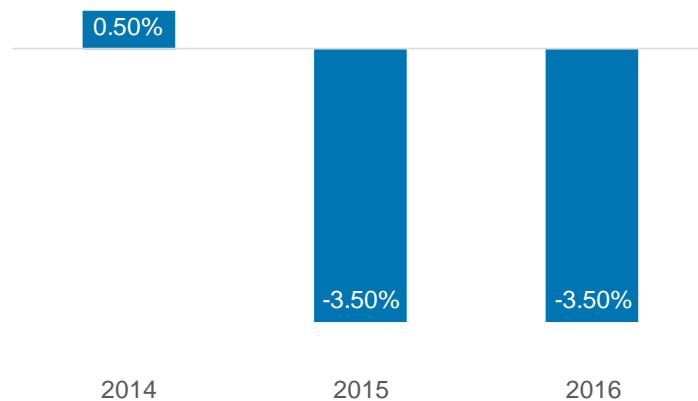


On the other hand, it means that the performance of our “mature” businesses faced a challenging macroeconomic scenario

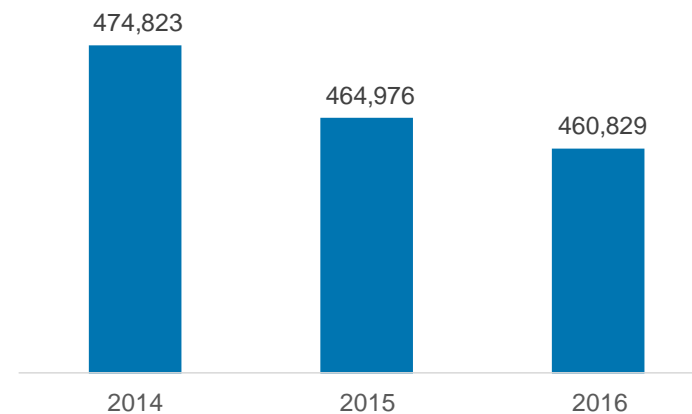
Macroeconomic scenario

Challenging scenario from 2014 to 2016

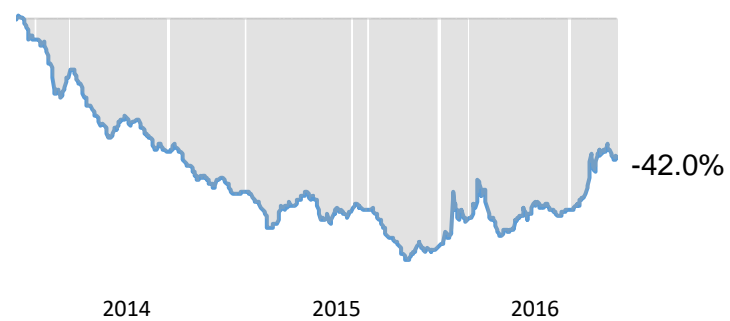
Brazil's GDP



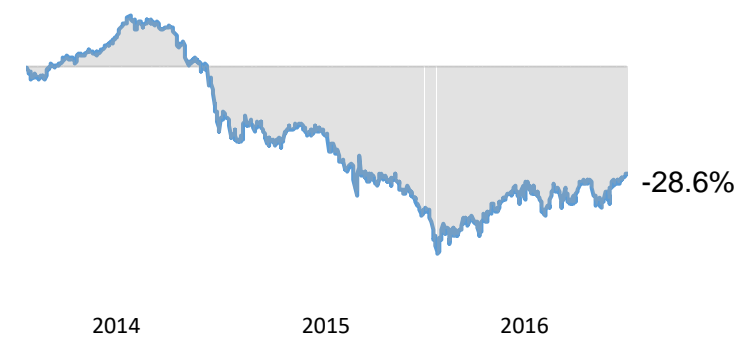
Brazil Energy Consumption (GWh)



Iron Ore



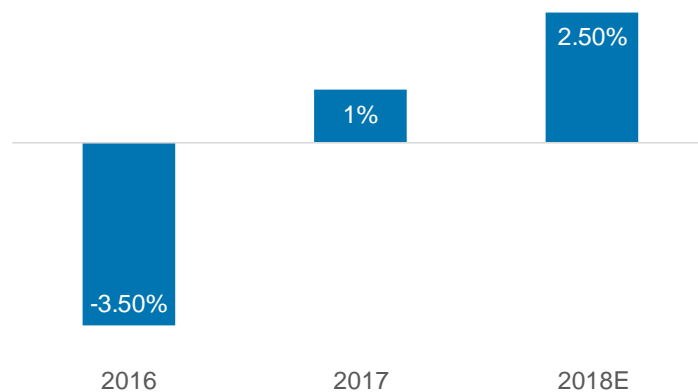
Oil WTI



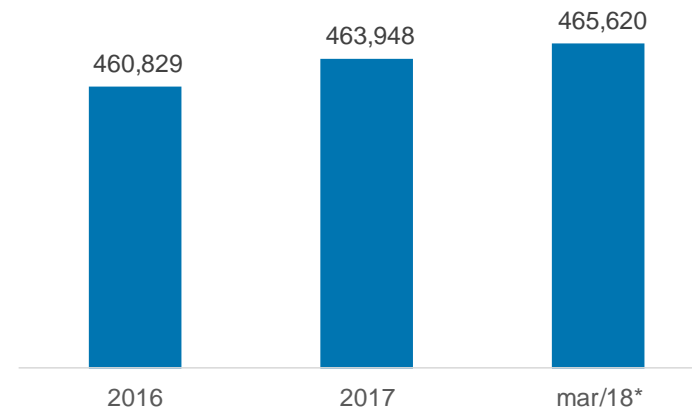
Macroeconomic scenario

Better perspectives from now on

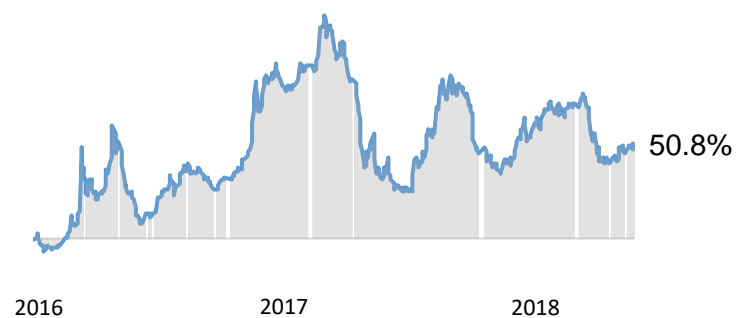
Brazil's GDP



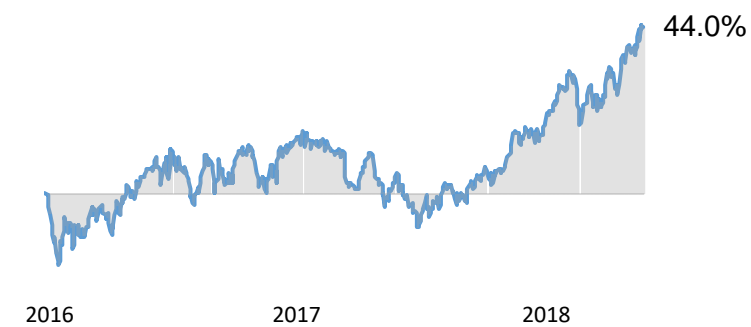
Brazil Energy Consumption (GWh)



Iron Ore



Oil WTI



WEG Evolution

1961



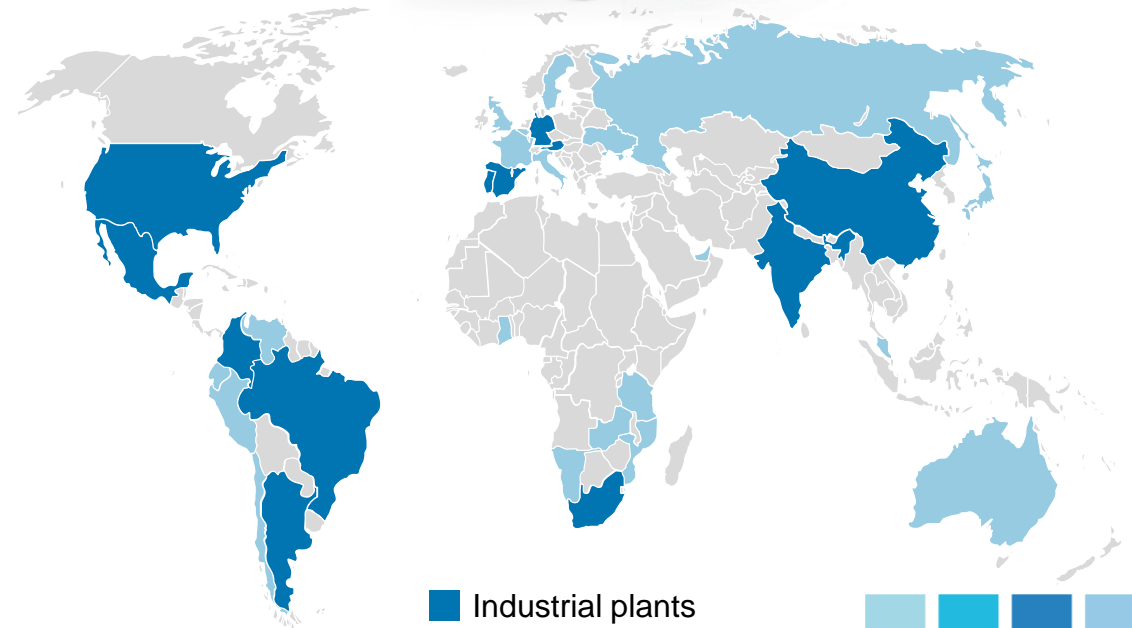
Industrial Electric Motor



2017



Brazil



Industrial plants
Commercial branch



Our strategic plan continue the same



But, where is our focus on short term?

