



20th Annual Citi Latin America Conference

March 2012
WEGE3 / WEGZY

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WEG business:

The global solution with electric machines and automation for industry and energy systems



Motors



Automation



Energy



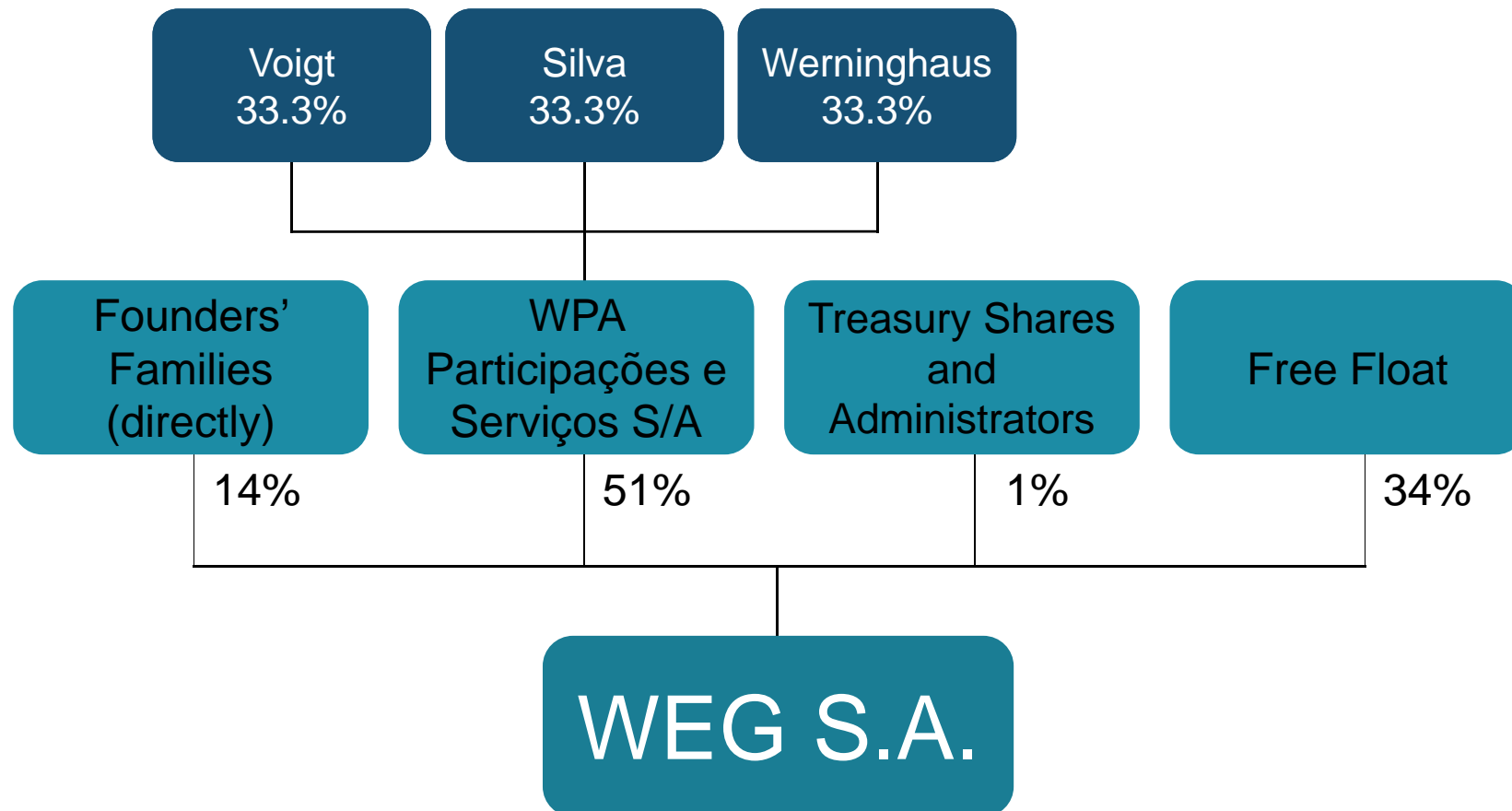
T&D



Coatings

- Founded in 1961, in Jaraguá do Sul, Santa Catarina;
- Listed since 1971;
- Latin America market leader and among top 5 electric motor players in the world;
- In Brasil, leader or second all business lines in which it operates;
- Net Revenue R\$ 5,2 billion in 2011
- 25.000 employees around the world
- Around 40% of business outside Brazil;
- Unique vertically integrated production system, which allows great flexibility and efficiency in the production of electrical equipment (“mass customization”);
- Production footprint strategically located in large, fast growing, emerging economies.

Shareholding structure



Key information



Capital Market

Issuer

- WEG S.A.

Ticker

- WEGE3 (BM&Fbovespa) / WEGZY (OTC – ADR Level 1).

Listing Segment

- Novo Mercado (since 2007)

Number of Shares

- Issued: 620,905,029
- In treasury: 500,000
- Ex-treasury: 620,405,029

Share prices

- In Dec 31, 2011: R\$ 17.54
- In Mar 16, 2012: R\$ 19.77

Market value

- In Dec 31, 2011: R\$ 11,642 million
- In Mar 16, 2012 R\$ 12,256 million

Liquidity (average daily volume)

- In 2010: R\$ 6,745 thousand / day
- In 2011: R\$ 7,406 thousand / day

Composition of *Free Float*

- 15% - Foreign institutions
- 7% - Brazilian institutions
- 12% - Other (individuals, etc.)



Industry structure and WEG's business model



Case of Investment

Megatrends cause changes in demand and create opportunities

Energy and industrial efficiency

- Electric motors represent around 25% of world electricity consumption
- Industrial productivity increases and ISO 50.001 (energy management) drives investments

Renewable energy

- Global need to diversify energy sources and lower GHG emissions
- Scale and technological development increases viability

Smart grid

- Electricity distribution network has to become "smarter"
- More sensors, more automation, more efficient generation and use of electricity

Electric mobility

- Increasing urbanization adds to congestions and need of new solutions
- Electric vehicles, hybrids or alternative fuels will become more common

Strategic integration of equipments in efficient solutions in terms of energy, operational and economic feasibility.

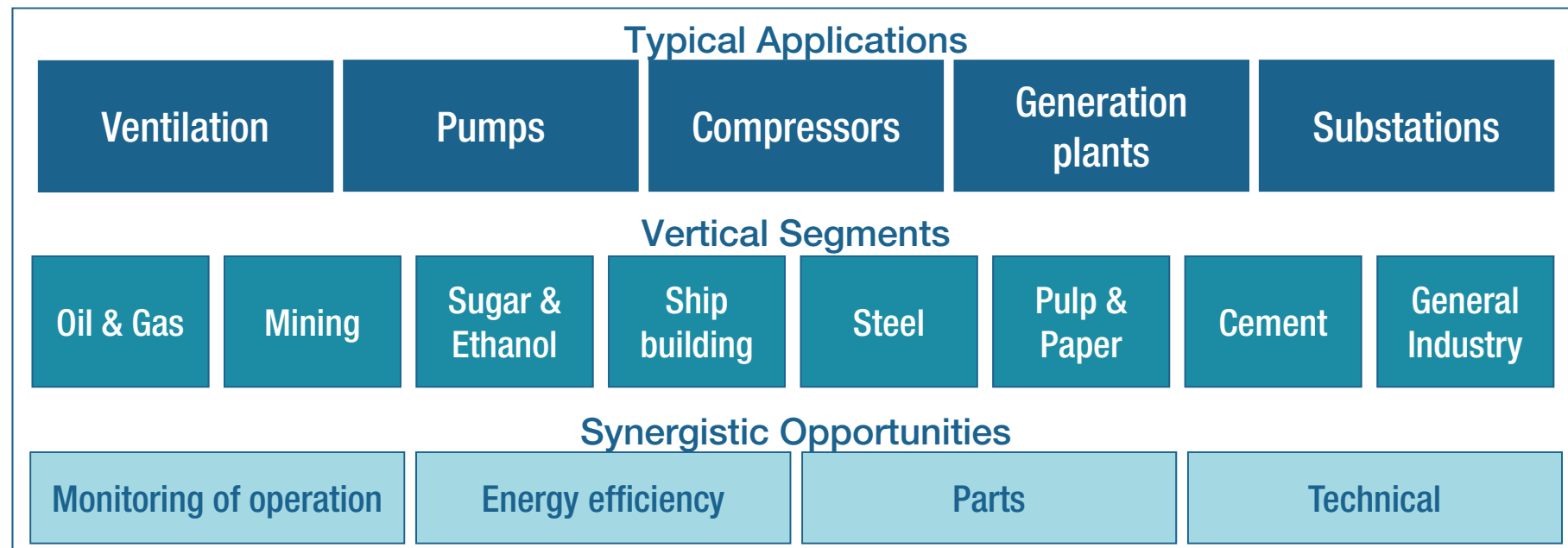
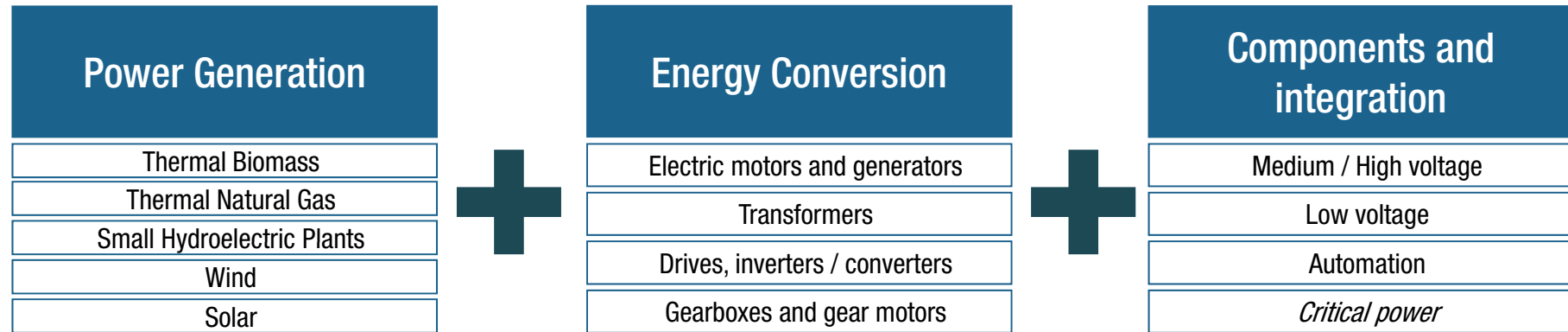
Differentiated business model:

- Verticalization, diversification and modular expansion capability increase competitiveness and lower risks
- Proximity to customers, creating strong loyalty, cross selling opportunities for products and services

“The final destination”

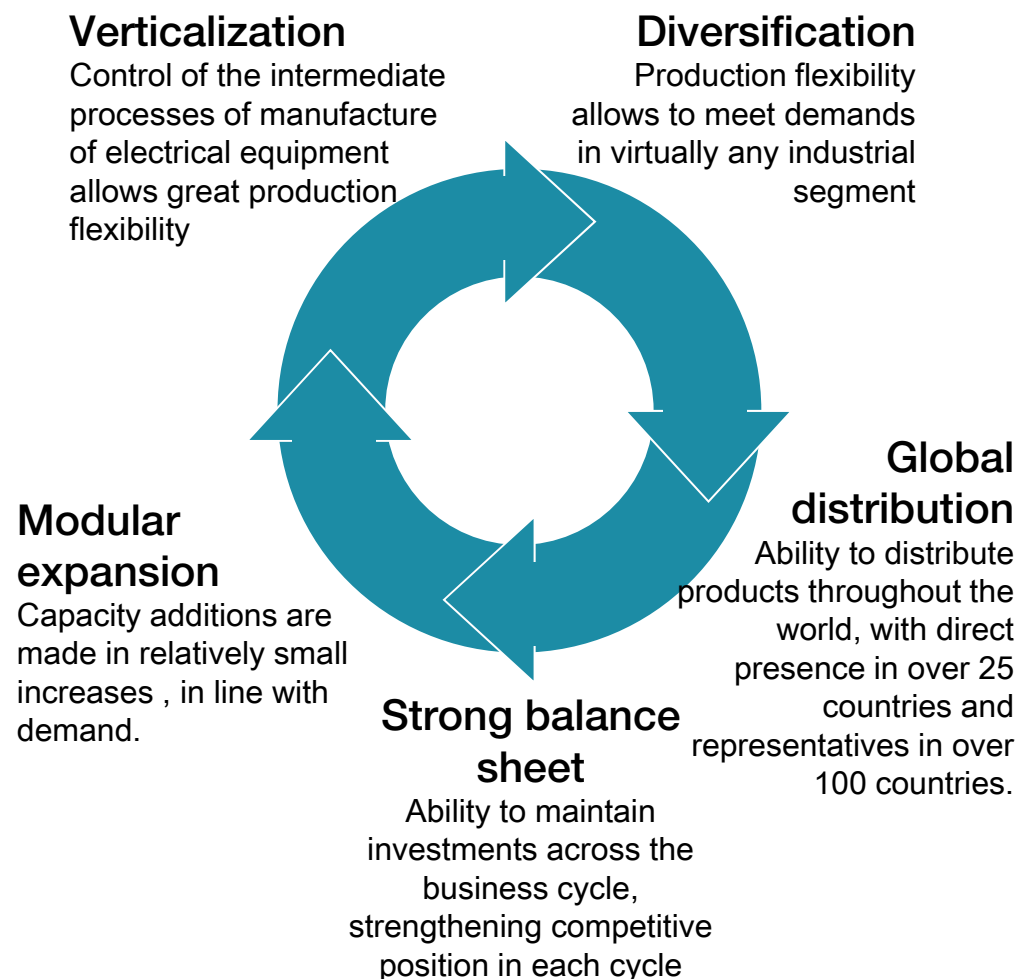


Strategic integration of equipment into complete solutions



Differentiated business model

Verticalization, diversification, global distribution, strong balance sheet and modular expansion enable WEG to make the best of opportunities

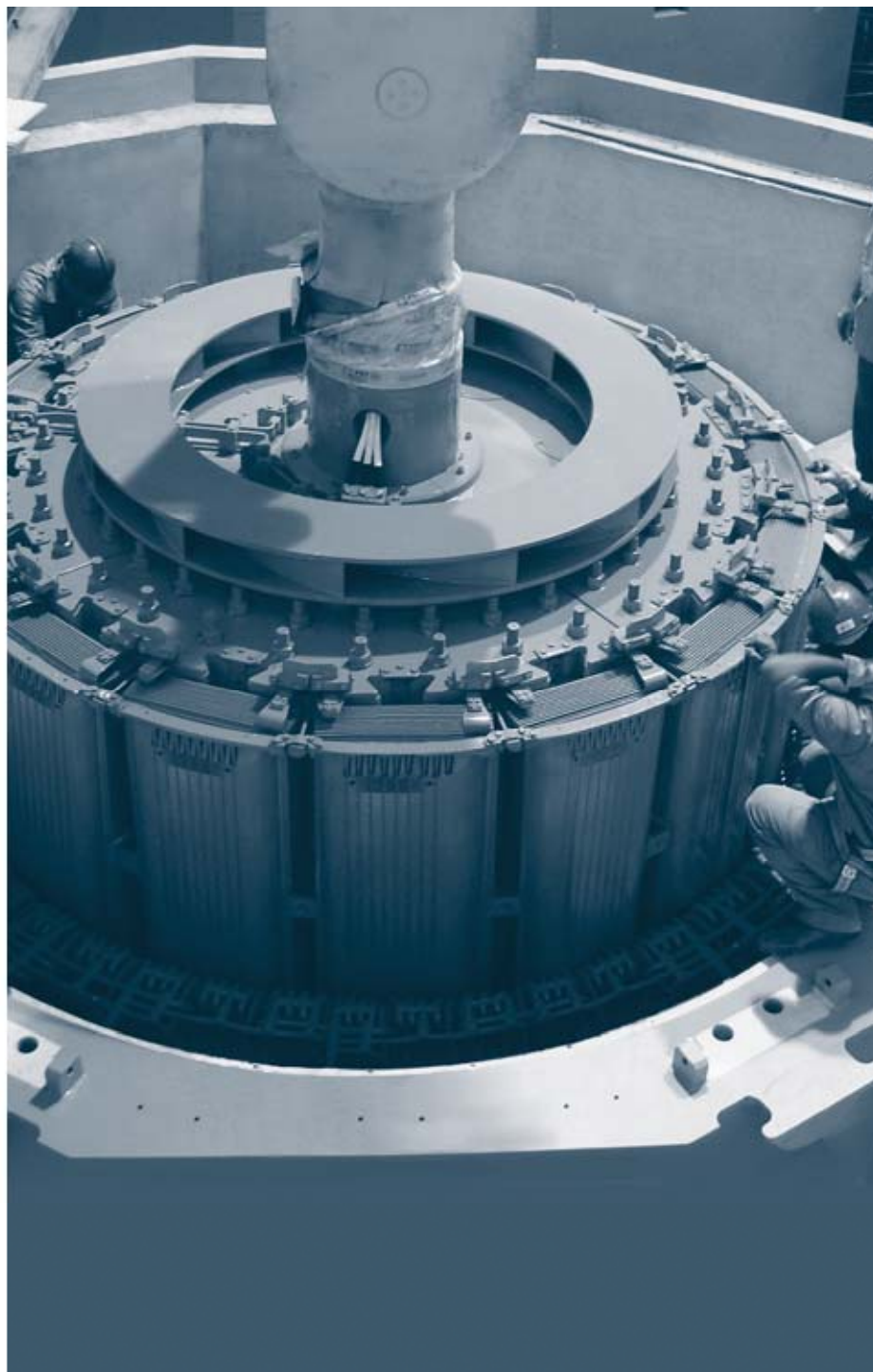


Competitive Advantages

- Mass customization
- Large and synergistic portfolio
- One stop shop concept
- Low financial leverage
- Focus on M&A enabling continuous future growth
- Production in low cost emerging markets



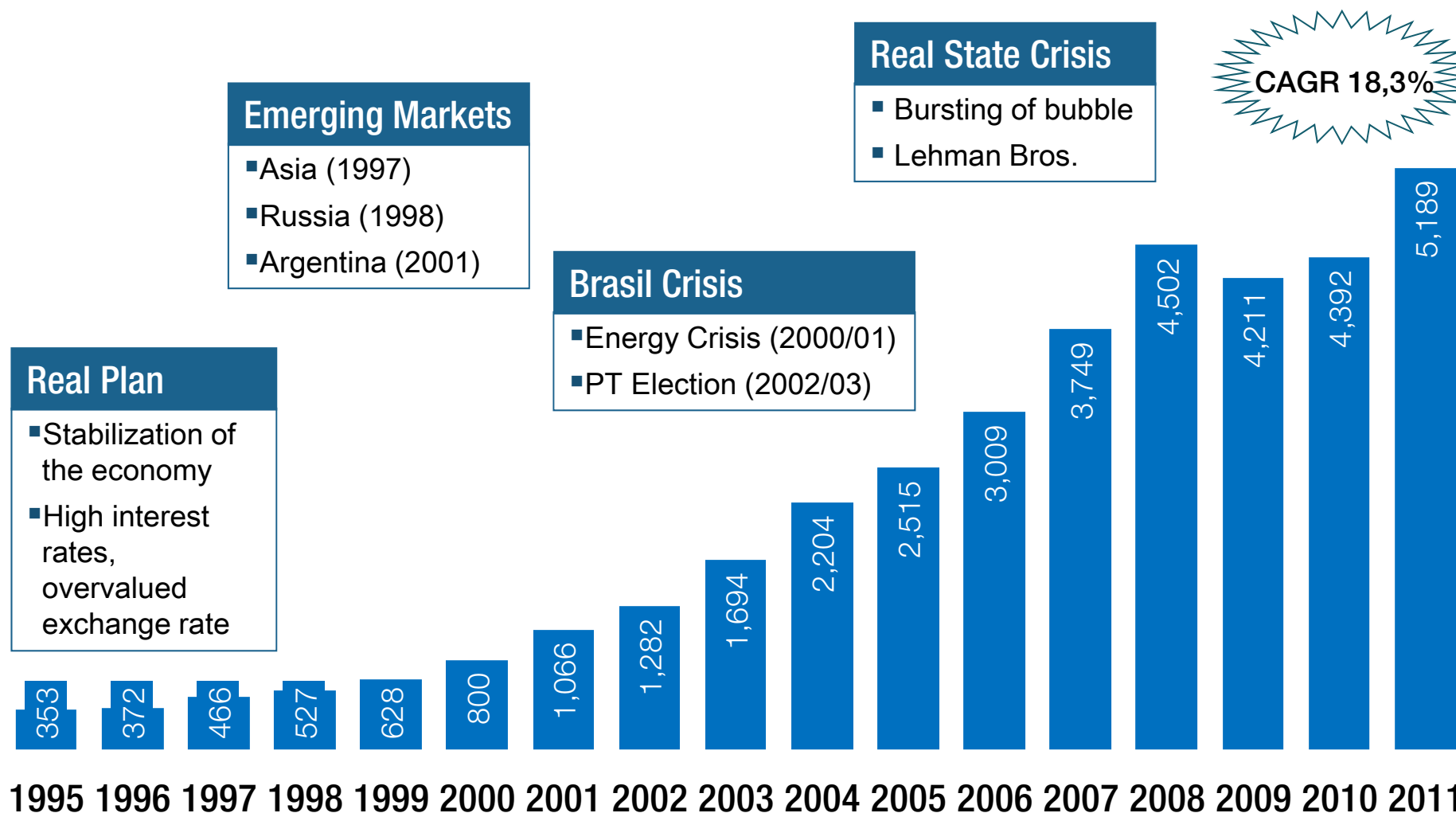
Growth Strategy





Consistent growth

Robust business model allows us to find and explore growth opportunities even under unfavorable macroeconomic conditions



WEG 2020 Strategic Planning



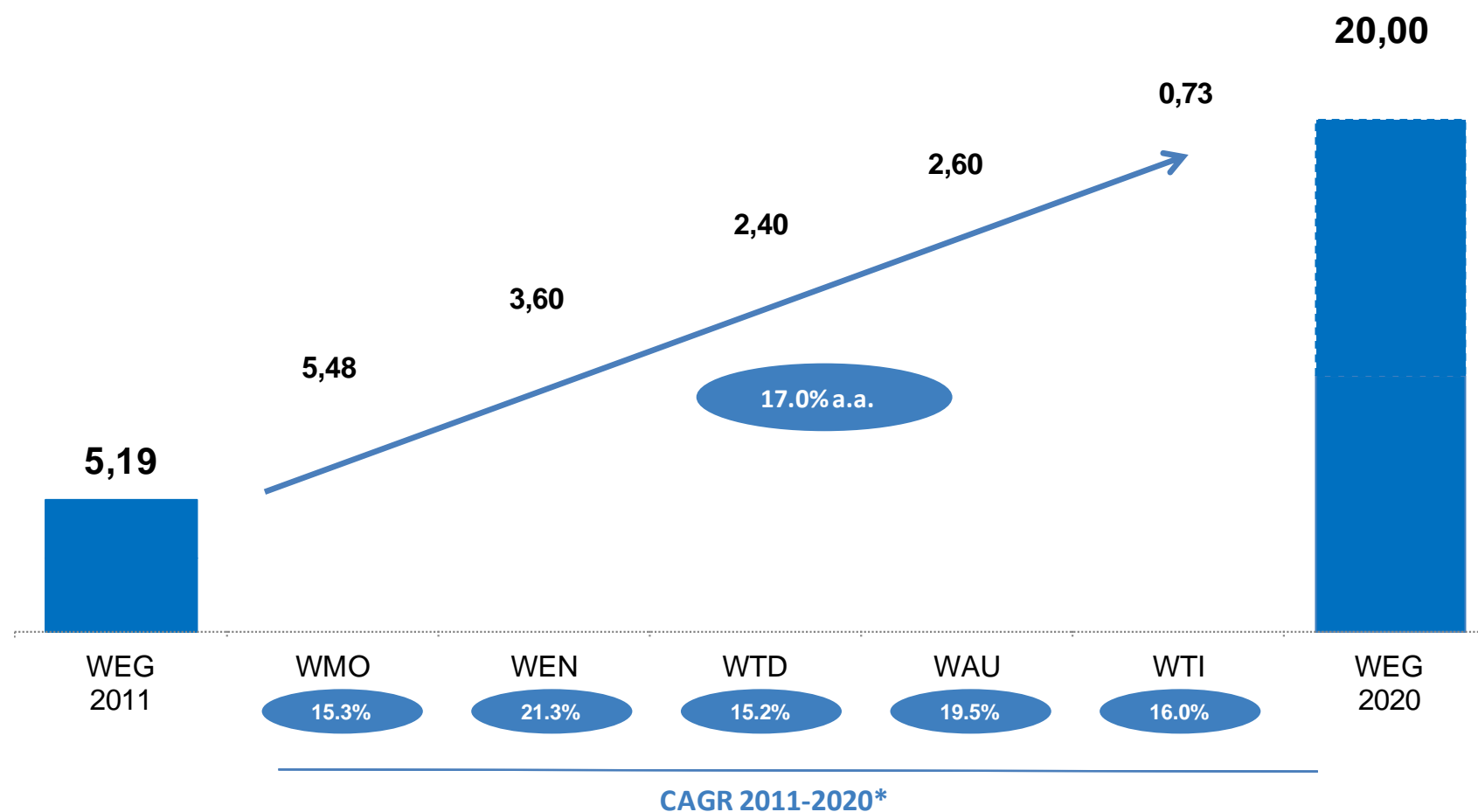
Corporate aspirations for 2020

- Search for continuous growth with
 - Defense of leadership positions in several markets and segments;
 - Introduction of new products and technologies;
 - Introduction of products and solutions in new geographies
- Reach annual revenues of R\$ 20 billion in 2020;



Future growth

Attractive future growth prospects, with potential in all units and geographies



Growth drivers



“More and Better”

Growth of current operations in markets and segments where WEG is currently present and holds a leadership position.

Example: WEG Linhares



International Expansion

Expansion into foreign markets by leveraging existing strengths and conquering in these markets relative positions that are similar to those held in Brazil.

Example: ZEST



New Businesses

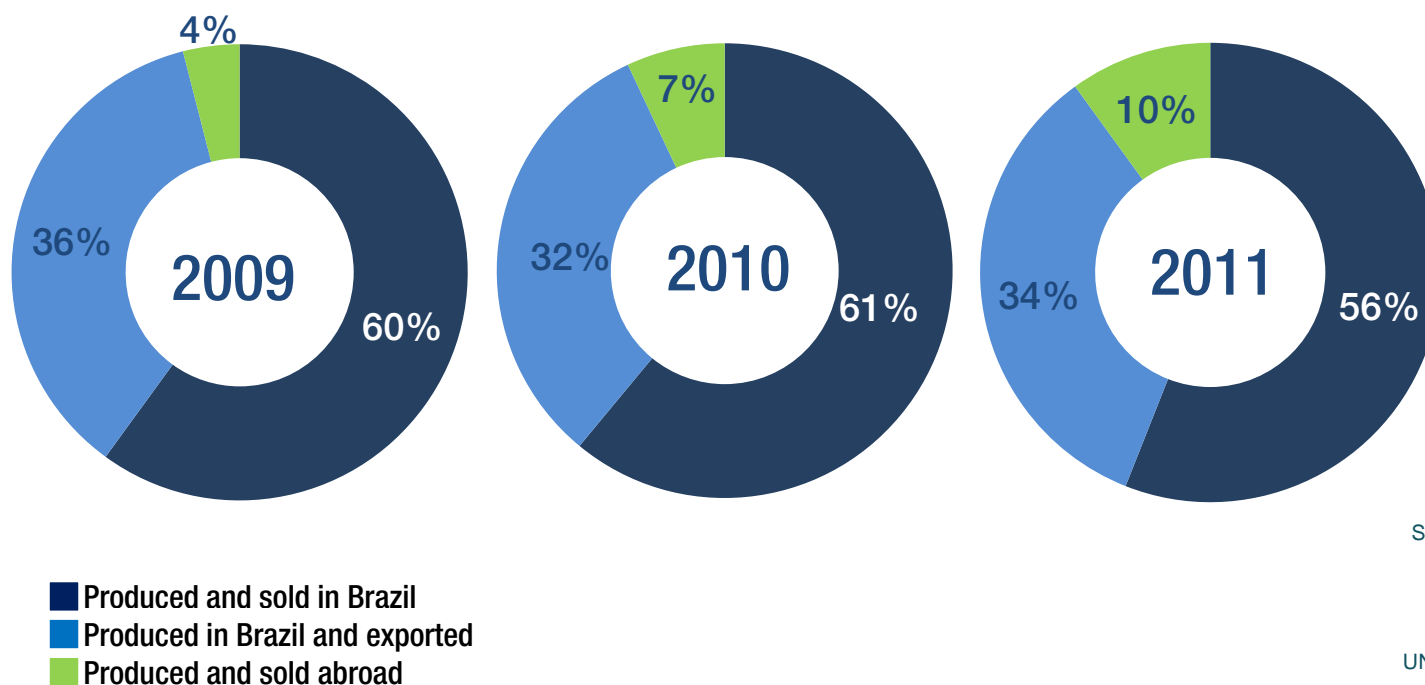
Expansion into synergistic and complementary businesses, creating an integrated product offering.

Example: Gearboxes



Global production platform

Production outside Brazil tends to expand and exceed 20% of total



BRAZIL



ARGENTINA



MEXICO



PORTUGAL



CHINA



INDIA



SOUTH AFRICA



UNITED STATES



AUSTRIA



Strategic Planning WEG 2020



Major trends and opportunities

- **Energy efficiency:**
 - Electric motors;
 - Gearboxes and gearmotors;
 - Frequency converter, motor starters and switching devices, control and protection of electrical circuits and industrial automation;
 - Electro/electronic industrial systems;
- **Renewable energy**
 - Generators and transformers;
 - Solutions for renewable and distributed energy, exploring all opportunities in small hydropower plants, biomass, wind and solar;
- **Mobility**
 - Electric traction solutions for urban transportation and maritime vehicles;
- ***Smart Grid***
 - Devices for control, maneuver and protection of electrical circuits and automation;
 - *Critical Power*, UPS (uninterruptable power supply), No-breaks and alternators for gensets;
 - Power substations;
 - Smart meters

Strategic Positioning



ABB

SIEMENS

Schneider
Electric

EMERSON

REGAL
BELGIT

TECO

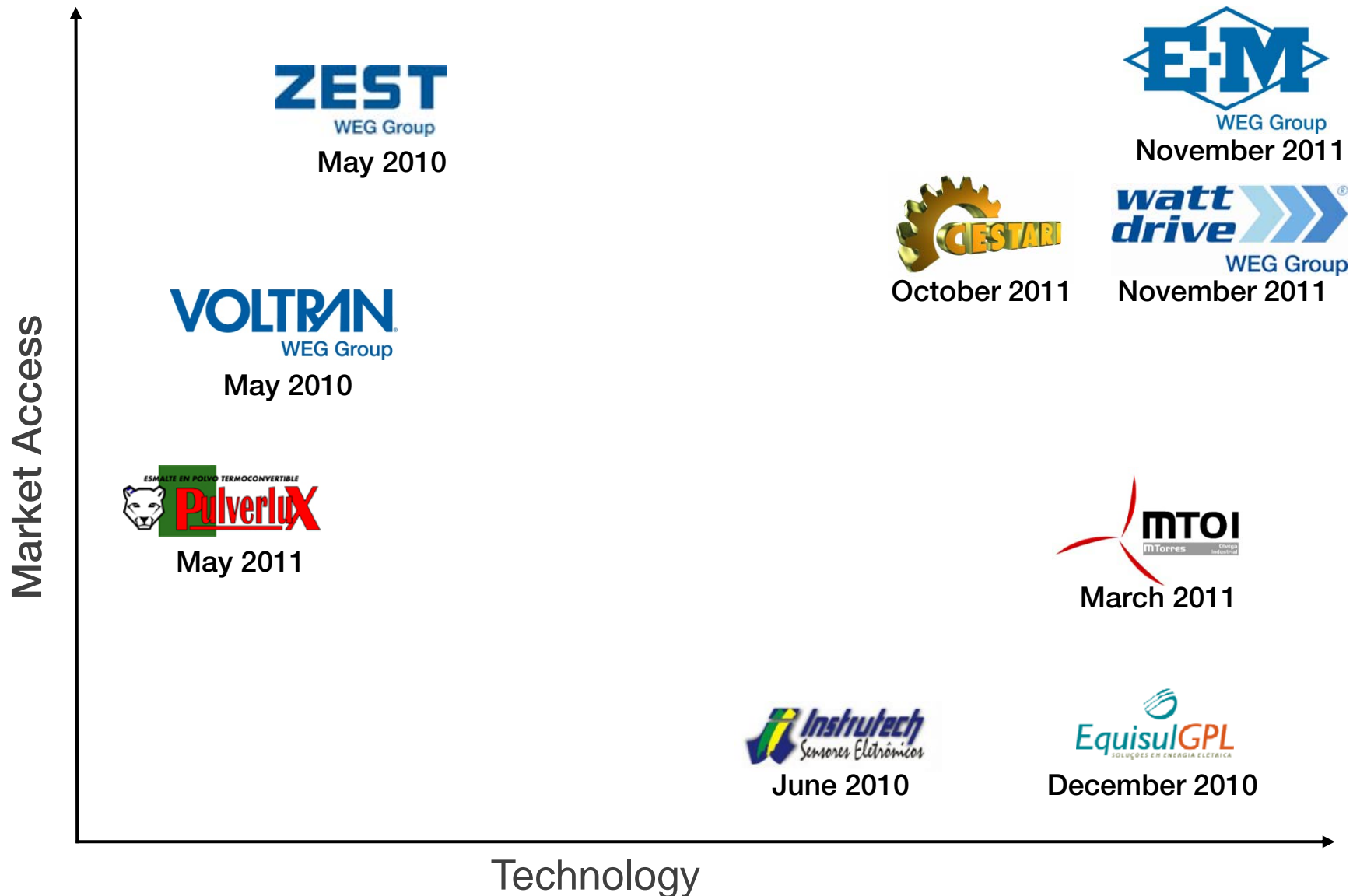
WEG

Motors	Appliance	●	●			●	●	●
	Industrial	●	●			●	●	●
Power	High Voltage	●	●			●	●	●
	Generators	●	●			●	●	●
	Biomass Systems	●	●					●
	Small Hydro	●	●					●
	Wind	●	●				●	●
T&D	Power	●	●	●				●
	Dry	●	●	●				●
	Distribution	●	●	●				●
	Substations	●	●					●
Automation	Drives	●	●	●	●	●	●	●
	Controls	●	●	●	●			●
	Panels	●	●	●	●			●
New Biz	Gearbox	●	●			●		●
	Gensets	●				●		●
	Turbines		●					●

Portfolio Strategy



Clear vision on the attractiveness of the opportunities





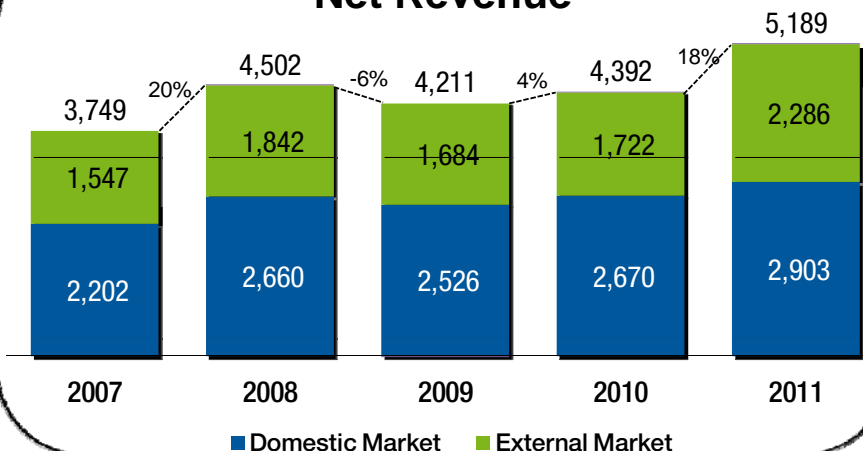
Operating and financial highlights



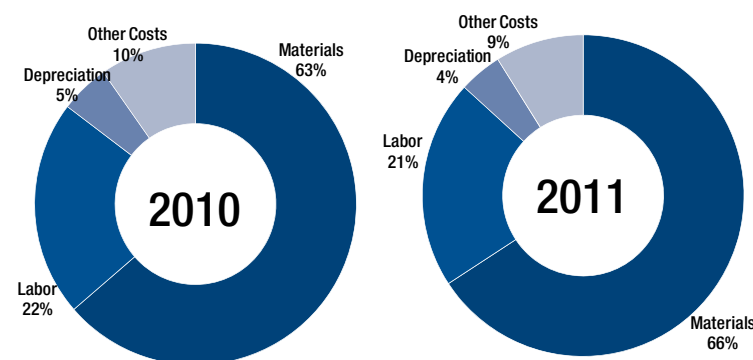
Performance in 2011

Year marked by the resumption of double digit growth

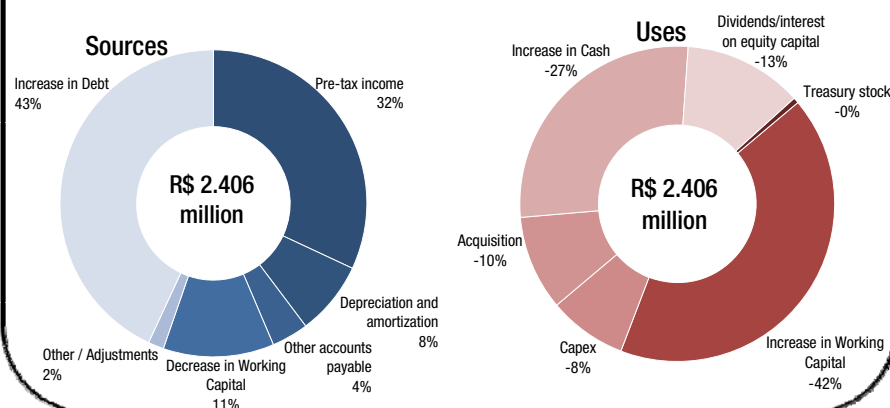
Net Revenue



Cost of goods sold



Sources and uses of cash



1. Growth was stronger in the external markets than in Brazil.
2. Consolidation of acquisitions contributed to growth (Zest and Voltran in 1H11, Watt Drive and Electric Machinery in 2H11);
3. Weak margin in 1Q11 and sequential recovery from then until the 4Q11.

Highlights

Yearly Figures



	2011	2010	%	2009	%
Gross Operating Revenue	6.130.291	5.282.737	16,0%	5.110.596	3,4%
Net Operating Revenue	5.189.409	4.391.973	18,2%	4.210.620	4,3%
Domestic Market	2.902.958	2.670.443	8,7%	2.526.430	5,7%
External Markets	2.286.451	1.721.530	32,8%	1.684.190	2,2%
External Markets in US\$	1.361.689	982.835	38,5%	849.655	15,7%
Gross Operating Profit	1.556.051	1.386.952	12,2%	1.356.401	2,3%
<i>Gross Margin</i>	<i>30,0%</i>	<i>31,6%</i>		<i>32,2%</i>	
Net Income	586.936	519.782	12,9%	550.543	-5,6%
<i>Net Margin</i>	<i>11,3%</i>	<i>11,8%</i>		<i>13,1%</i>	
EBITDA	882.340	789.110	11,8%	837.424	-5,8%
<i>EBITDA Margin</i>	<i>17,0%</i>	<i>18,0%</i>		<i>19,9%</i>	
EPS	0,9461	0,8371	13,0%	0,8914	-6,1%

Figures in R\$ Thousands

Highlights

Quarterly Figures



	Q4 2011	Q3 2011	%	Q4 2010	%
Gross Operating Revenue	1,724,834	1,552,044	11.1%	1,504,610	14.6%
Net Operating Revenue	1,468,551	1,317,483	11.5%	1,258,429	16.7%
Domestic Market	781,938	737,350	6.0%	736,415	6.2%
External Markets	686,613	580,133	18.4%	522,014	31.5%
<i>External Markets in US\$</i>	<i>380,772</i>	<i>353,520</i>	<i>7.7%</i>	<i>304,664</i>	<i>25.0%</i>
Gross Operating Profit	445,686	418,266	6.6%	391,300	13.9%
<i>Gross Margin</i>	<i>30.3%</i>	<i>31.7%</i>		<i>31.1%</i>	
Net Income	156,248	154,567	1.1%	141,509	10.4%
<i>Net Margin</i>	<i>10.6%</i>	<i>11.7%</i>		<i>11.2%</i>	
EBITDA	258,210	243,743	5.9%	224,149	15.2%
<i>EBITDA Margin</i>	<i>17.6%</i>	<i>18.5%</i>		<i>17.8%</i>	
EPS	0.2518	0.2491	1.1%	0.2279	10.5%

Figures in R\$ Thousands

Highlights

Balance sheet - Assets



	December 2011		December 2010	
	R\$	AV%	R\$	AV%
CURRENT ASSETS	5.867.061	64%	4.794.009	64%
Cash & cash equivalents	2.931.615	32%	2.552.996	34%
Receivables	1.307.692	14%	1.044.712	14%
Inventories	1.362.314	15%	1.008.952	13%
Other current assets	265.440	3%	187.349	2%
LONG TERM ASSETS	432.469	5%	136.984	2%
Long term securities	280.635	3%	-	0%
Deferred taxes	111.488	1%	78.810	1%
Other non-current assets	40.346	0%	58.174	1%
FIXED ASSETS	2.806.331	31%	2.580.171	34%
Investment in Subs	349	0%	601	0%
Property, Plant & Equipment	2.445.760	27%	2.395.575	32%
Intangibles	360.222	4%	183.995	2%
TOTAL ASSETS	9.105.861	100%	7.511.164	100%

Highlights

Balance sheet - Liabilities



	December 2011		December 2010	
	R\$	AV%	R\$	AV%
CURRENT LIABILITIES	2.752.960	30%	1.938.803	26%
Social and Labor Liabilities	161.436	2%	141.797	2%
Suppliers	298.195	3%	242.300	3%
Fiscal and Tax Liabilities	88.473	1%	72.204	1%
Short Term Debt	1.701.435	19%	1.018.995	14%
Dividends Payable	2.804	0%	63.440	1%
Advances from Clients	285.843	3%	271.949	4%
Profit Sharring	26.314	0%	23.583	0%
Other Short Term Liabilities	188.459	2%	104.535	1%
LONG TERM LIABILITIES	2.446.312	27%	2.028.525	27%
Long Term Debt	1.756.293	19%	1.399.948	19%
Other Long Term Liabilities	122.485	1%	86.875	1%
Deferred Taxes	421.918	5%	415.318	6%
Contingencies Provisions	145.616	2%	126.384	2%
MINORITIES	106.477	1%	89.229	1%
STOCKHOLDERS' EQUITY	3.800.112	42%	3.454.607	46%
TOTAL LIABILITIES	9.105.861	100%	7.511.164	100%

WEG's investment case



- Opportunity to gain broad exposure to Brazilian and global industrial sector
- Direct exposure to renewable energy generation business
- Strong position in the Brazilian market and global consolidator in a segment with rising technical barriers of entry
- Internationalization strategy and global manufacturing, supported by strong cash generation and solid financial position
- Unique business model based on vertical integration and production flexibility

For information

Contact Investor Relations WEG

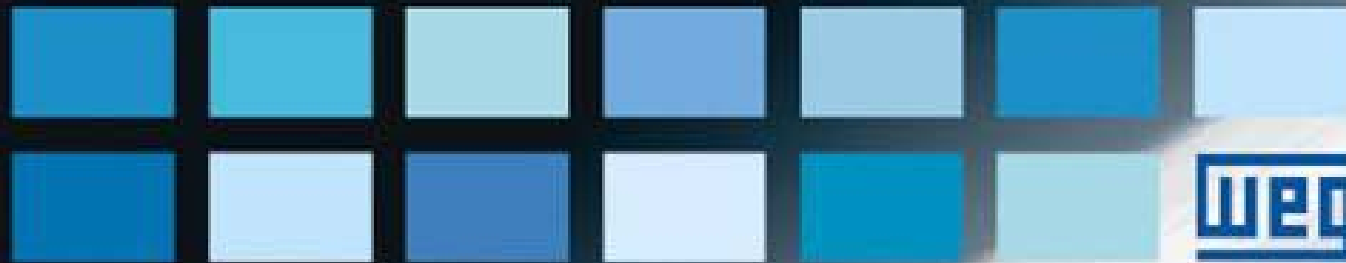


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The screenshot shows the WEG Relações com Investidores website. The header includes the WEG logo and navigation links for 'Governança Corporativa', 'Informações Financeiras', 'Informações aos Investidores', and 'Notícias'. The main content area features a large image of a power plant, followed by sections for 'Governança Corporativa', 'Notícias Recentes', 'Resultados', and 'Relatório Anual 2010'. A sidebar on the right contains social media links and a 'Mapa de Mídias Sociais'.

Our Business



The Global Solution with electric machines and automation for industry and energy systems.