



Investor Relations Presentation

Best way to invest in fast growing global energy efficiency and renewable energy generation businesses



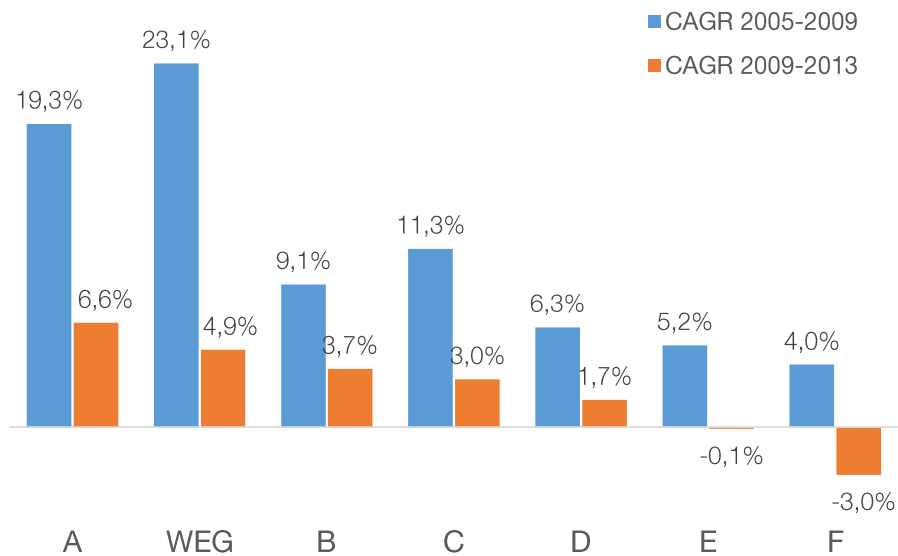
- 1 One of the highest growth capital goods companies; number one or number two in all product lines in Latin America
- 2 Unique business model is based on vertical integration, production flexibility and technological innovation
- 3 Diversified product lines allows strong growth across different market cycles
- 4 We have a history of achieving CAGR of 18% over past 17 years through organic growth and accretive acquisitions
- 5 WEG 2020 Strategic Plan aims for R\$ 20 billion / 17% CAGR through international and product line expansion

Sustainable growth

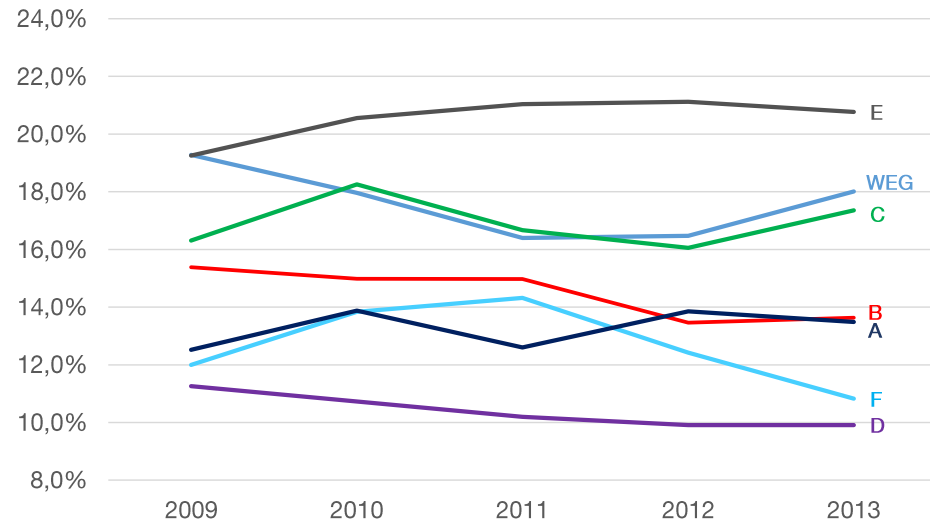
WEG's revenue growth and margins are among the highest in the industry



Revenues Growth (US\$)



Profitability (EBITDA Margins)



Our industry is undergoing major shifts



Megatrends are creating changes in demand patterns and new business opportunities

Energy and industrial efficiency

- Electric motors represent around 70% of all industrial consumption of electricity, or 25% of worldwide general electricity consumption;
- Electricity consumption is by far the largest component of total cost of ownership of electric motors (may exceed 95%) for industrial clients;
- Clear regulatory trend towards minimum levels of electric motor energy efficiency (lower needs to expand generation);
- Industrial productivity and energy management drives investments



Renewable energy

- Global drive to lower GHG emissions;
- Renewables allow distributed generation, closer to consumption and requiring lower T&D infrastructure;
- Economic viability is highly dependent on scale. With correct price incentives, technology catches up with economics;
- Diversity of sources increases systems stability and energy availability. No energy is the most expensive energy of all



Smart grid

- Electricity distribution grid is evolving and becoming "smarter";
- All nodes of the system, from generation to consumptions (and everything in between) must be aware of conditions and able to respond to changes;
- Every existing electric product must evolve. There will be more sensors, more automation, more efficient generation and use of electricity;
- New products are being developed and change is just now starting



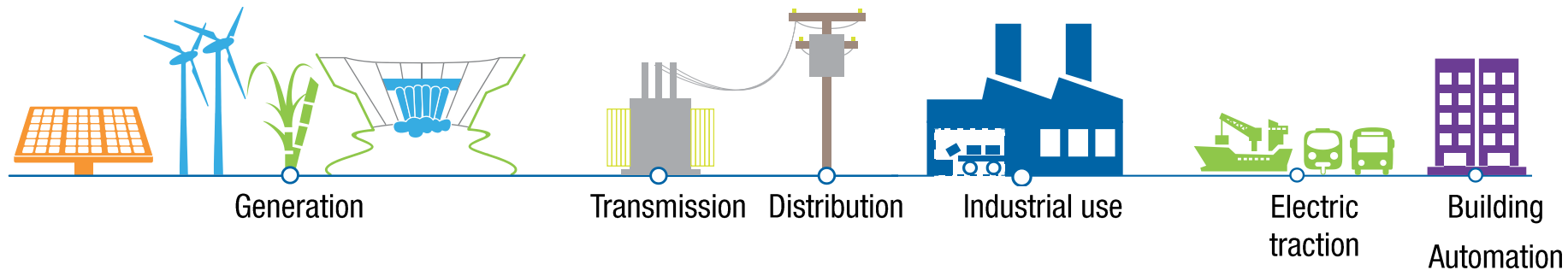
Electrical mobility

- Increasing urbanization adds to congestions and need of alternatives;
- GHG and other pollutants emitted by internal combustion engines powered vehicles are well above sustainable levels;
- Electricity is clearly a more efficient use of energy to power vehicles. Pure electric, hybrids and alternative fuels will grow faster than the market;
- Powertrain solutions are scalable to all vehicle types and sizes and to other transportation modes (WEG has commercially available solutions in maritime powertrains)



“End to end of the wire”

The global solution in electric machines and automation for the industry and energy systems



WEG's strategic vision is to provide **complete** and **efficient solutions** with a complete line of **electrical machines**, from the generation all the way to the consumption.

This means that we want to continue to be a competitive supplier of electrical equipment for typical applications. For example, WEG is one of the world's largest suppliers of industrial electric motors used by OEM in the manufacturing of pumps, compressors

and industrial fans, the typical uses of such products.

We also can use this production competitiveness and flexibility and our broad product line to integrate those products into a complete solution.

We can combine electric motors of several types and sizes with the drives and controls to create complex industry automation systems. Or complete solutions for electricity generation from

renewable sources. Or complete energy substations for just about any use. Important to note that these systems are basically comprised of WEG manufactured products.

This integrated approach based on competitive manufacturing capabilities has been the basis of our market presence and how we present ourselves to our clients and to the general market.

Strategic positioning



WEG offers a complete range of electric products and systems with an integrated one-stop solution

		SIEMENS	ABB	ALSTOM	REGAL	Schneider Electric	EMERSON	WEG
Motors	Fractional	●	●		●			●
	Industrial	●	●		●			●
	High Voltage	●	●		●			●
	Gear boxes	●	●		●			●
Energy	Alternators	●	●		●			●
	Thermal (Biomass)	●	●	●				●
	Small Hydro	●	●	●				●
	Wind	●	●	●				●
	Solar	●	●	●				●
T&D	Power Trafos	●	●	●		●		●
	Dry Trafos	●	●	●		●		●
	Distribution Trafos	●	●	●		●		●
	Substations	●	●	●				●
Automation	Drives	●	●		●	●	●	●
	Controls	●	●			●	●	●
	Panels	●	●			●	●	●

Clear competitive advantages

Unique business model creates important and defensible competitive advantages



Vertical Integration

Vertical integration allows production flexibility to competitively supply small batches of highly customized products that are matched to perfection to our customers' needs. We do **mass customization**, not mass production.

Diversification

Our production flexibility allows us to target the markets (geographies, segments and products) that offer the best growth perspectives. It also allows us to target markets based on returns, not on our needs to occupy specialized production capacity.

Modular Expansion

Our production system is also based on modular expansion, avoiding idle capacity build up, maximizing returns on capital e lowering demand risks.

Global Presence

The diversity of our product offering also allows us to expand internationally, leveraging the expertizes we have developed into new markets and being a premier partner for our global customers

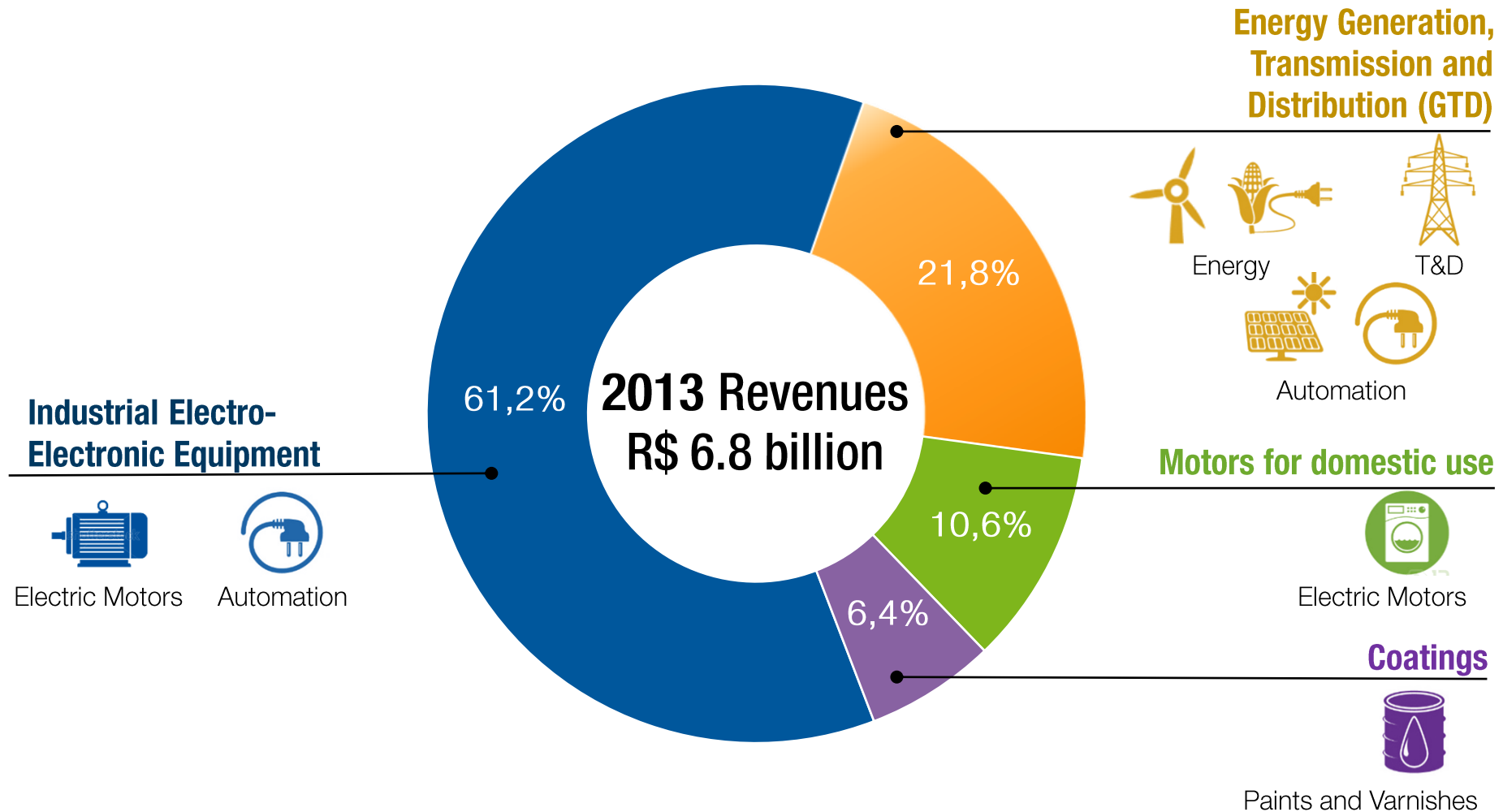
Financial Flexibility

Financial flexibility allows WEG to pursue growth opportunities as they become available. These opportunities range from trivial, like raw materials procurement at attractive conditions, to strategic, like acquisitions.

WEG business



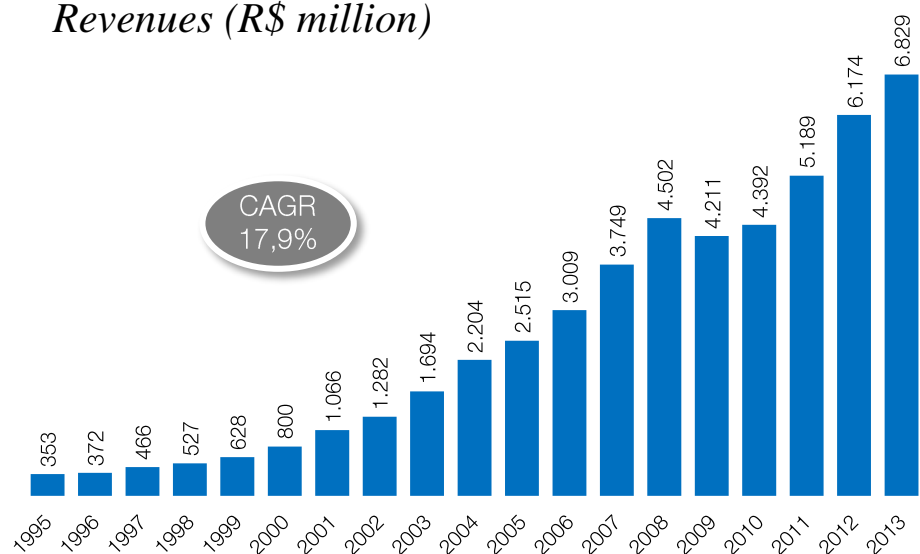
Diversified product line allows for strong growth across different market cycles



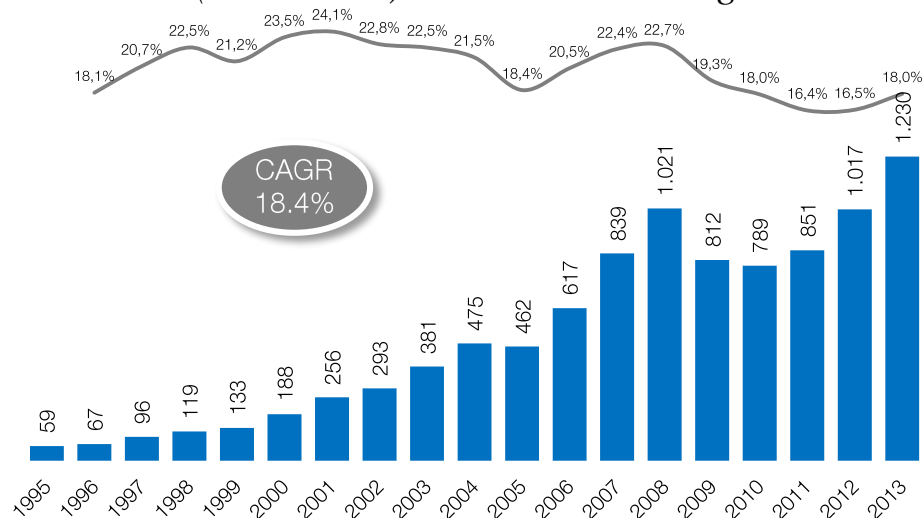
Solid growth track record

Business model allows us to find and explore growth opportunities, even under unfavorable macroeconomic conditions

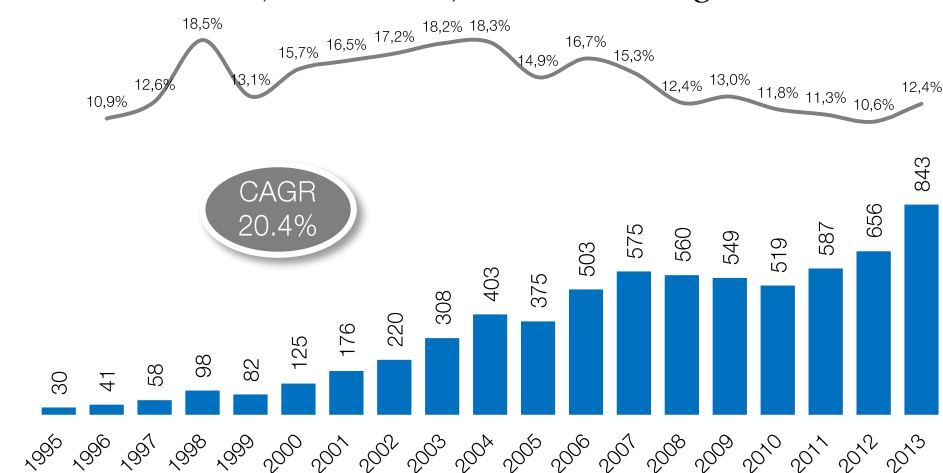
Revenues (R\$ million)



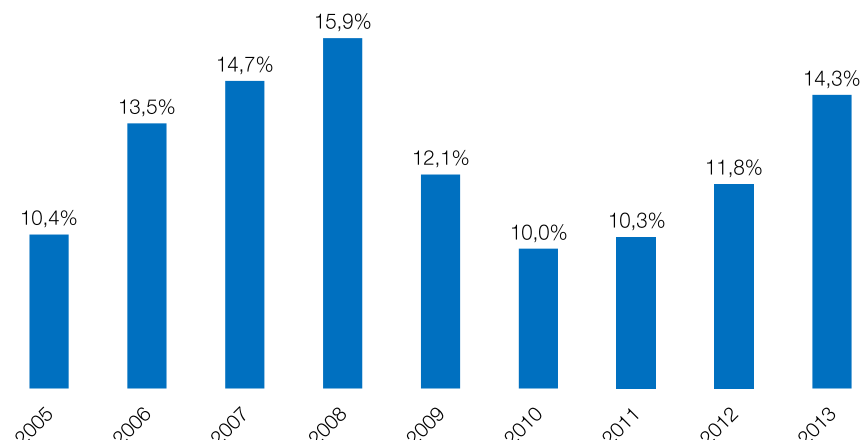
EBITDA (R\$ million) and EBITDA Margin



Net Income (R\$ million) and Net Margin



ROIC



Margin dynamics



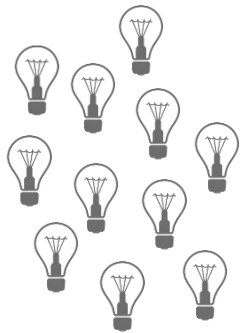
Margins are the result of product mix and product pricing conditions, and tend to track global economic cycle



WEG strategic planning process

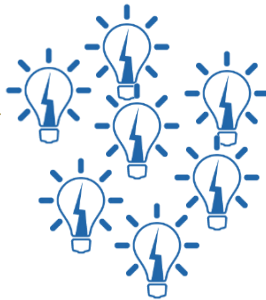
We adopted a bottom–up approach, selecting the individual opportunities that offered the best fit to clear strategic guidelines

Opportunities Discovery



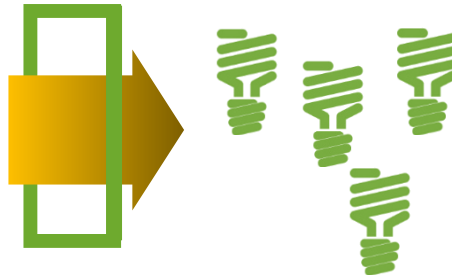
The process started with the involvement of management at all levels, from market-facing mid-level managers to senior C-level officers, that discussed recent evolution, trends and growth opportunities, current and future, in all our core and adjacent markets.

Business analysis



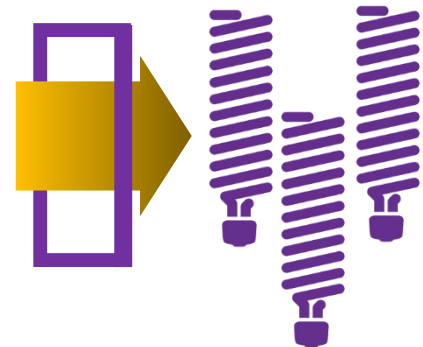
The ideas were developed into business plans, including market assumptions, earnings and cash flow projection models, so each opportunity could be assessed in terms of its expected results and margins.

Capital Requirement analysis



The analysis then considered the capital intensity of each opportunity. The results and margins are not necessarily good or bad, they must be considered within the context of the capital required to pursue the growth opportunity. The net result is ROIC.

Risk adjusted ROIC analysis

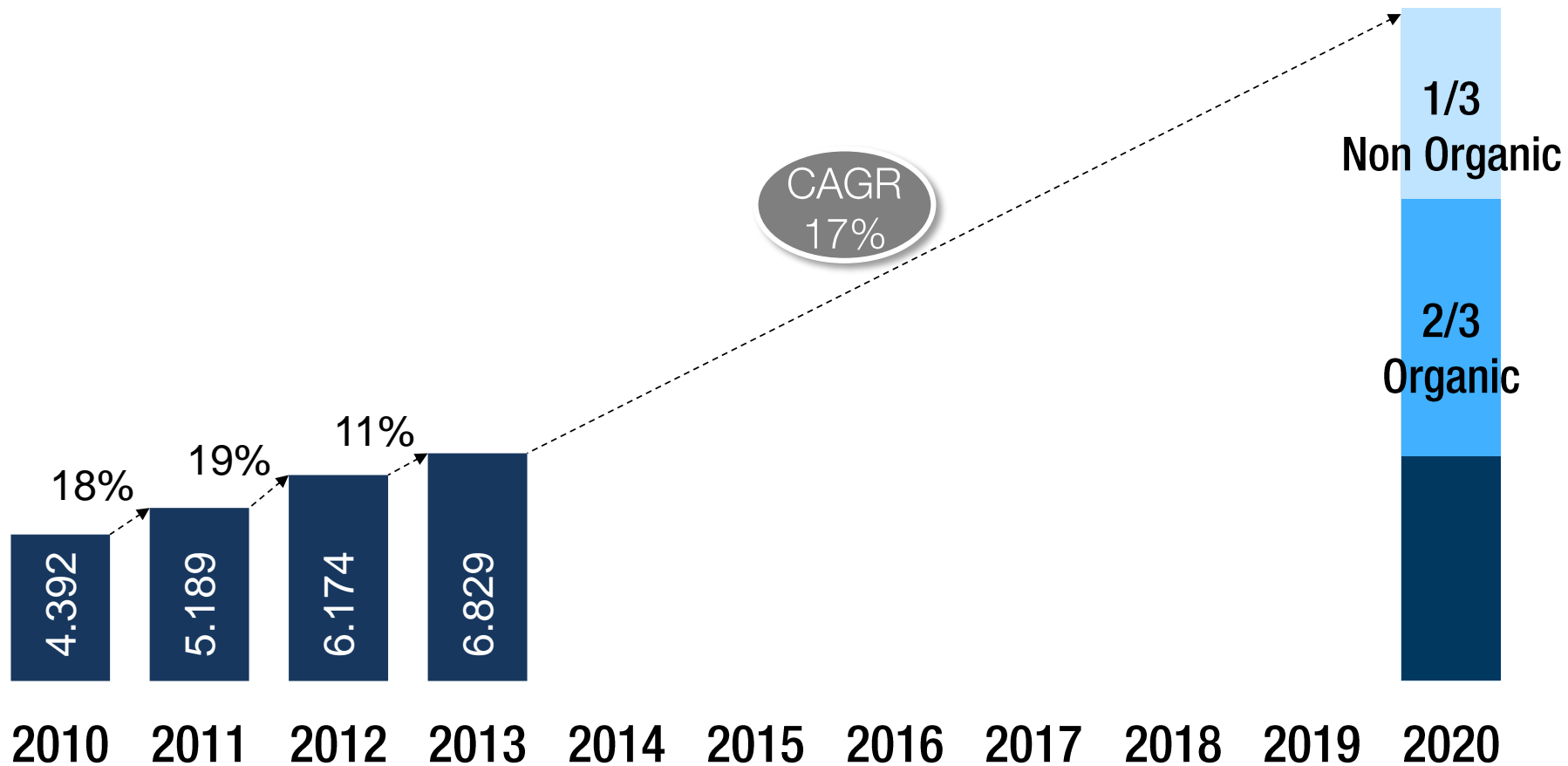


Finally, each opportunity was assessed in terms of identifiable, business-related, non-systemic risks. This was then used to adjust the ROIC, or ROIC’

WEG strategic Plan 2020



Corporate aspiration of R\$ 20 billion by 2020. Growth comes from diverse base, with a disciplined approach to organic and non organic expansion



Growth drivers

The growth opportunities identified can be separated into three distinct categories/growth strategies

Our products / markets enjoy fairly healthy organic growth trends. For example, the global market for industrial use electric motors is independently estimated to grow 5% to 10% per year. If we are able to maintain our market positions, either leadership and / or strong brand recognition, we will be in position that advantage of this healthy growth dynamics;

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

“More and Better”

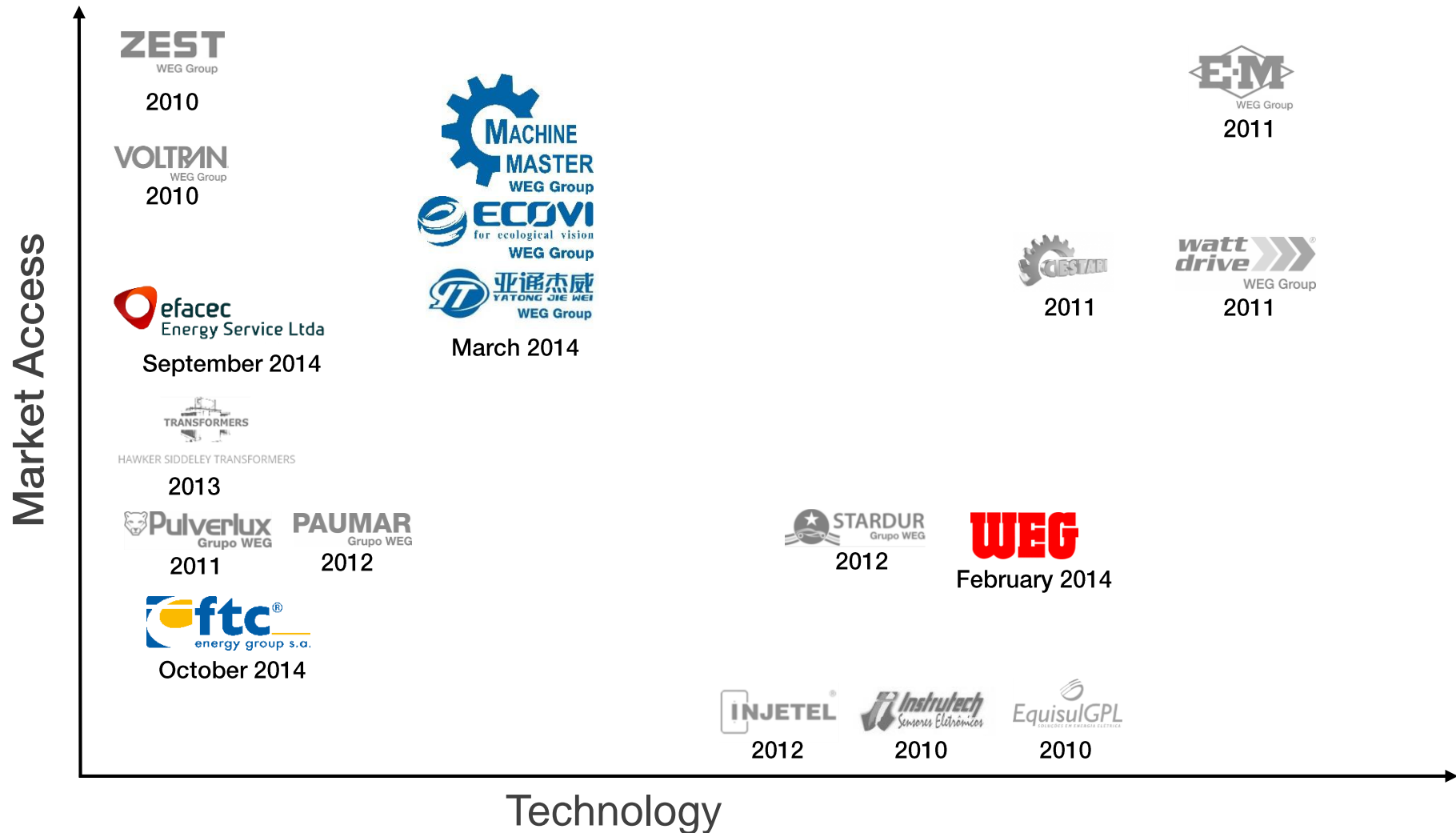
International Expansion

New Businesses

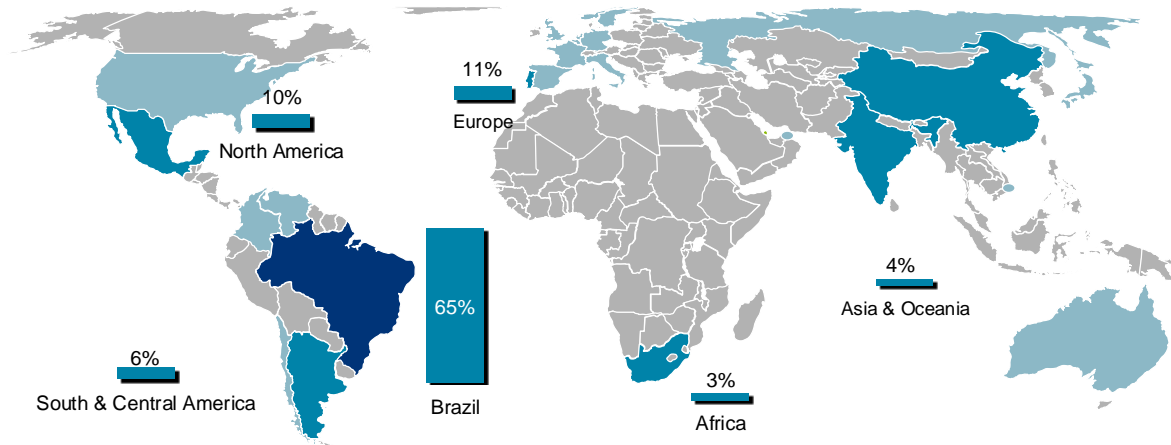
We will also continue to expand the product line into business / products that complement the offering and allows us to offer our clients more complete and efficient solutions.

Portfolio strategy

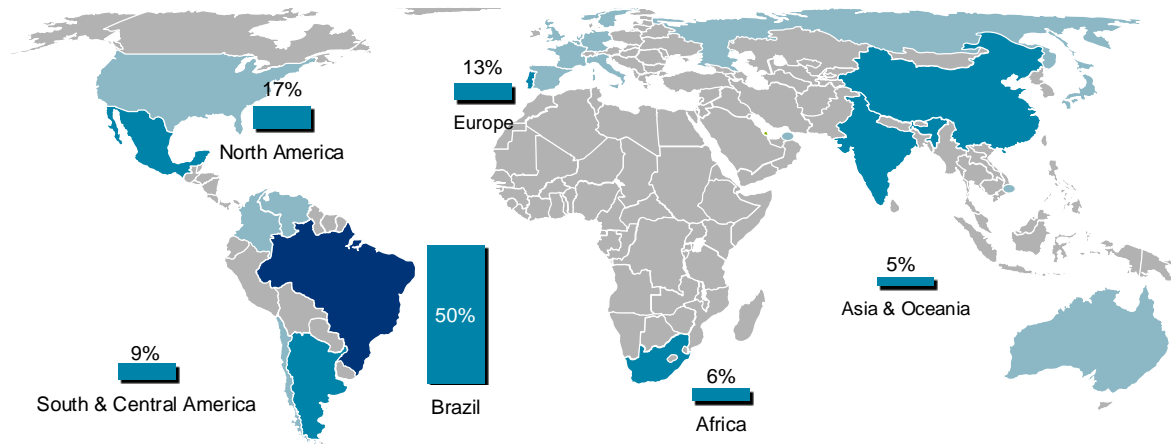
Clear vision of attractiveness of opportunities and of the strategic fit



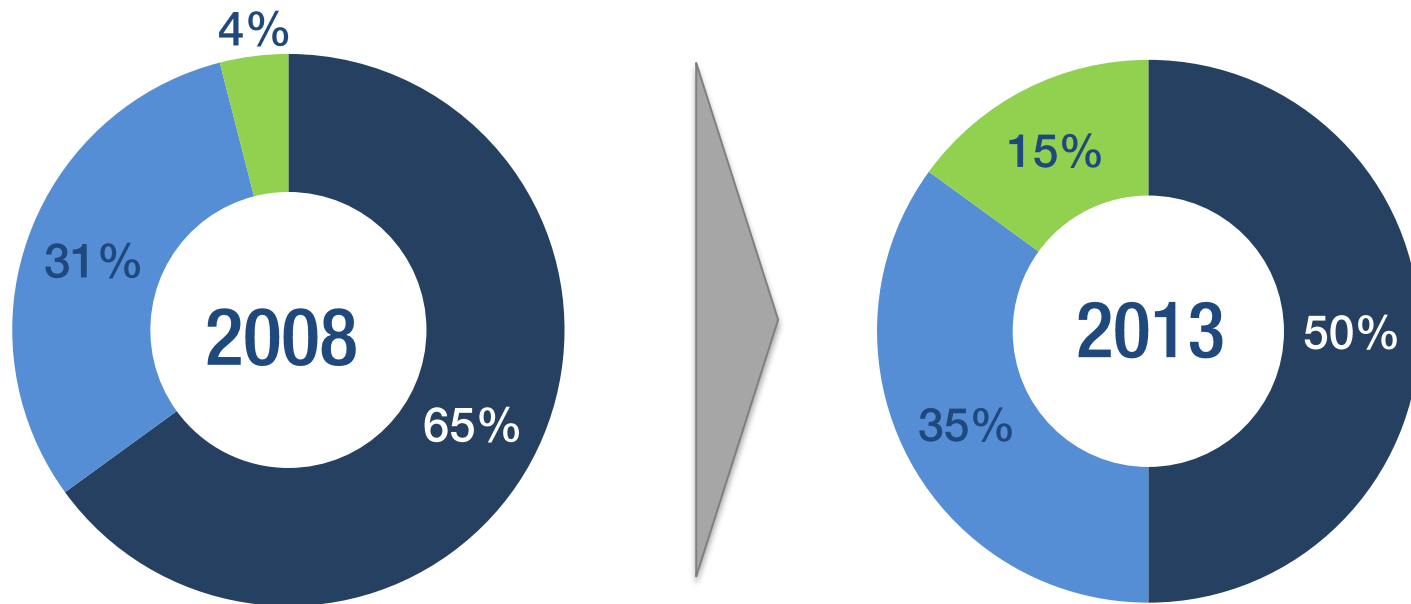
Revenue profile



2008



2013

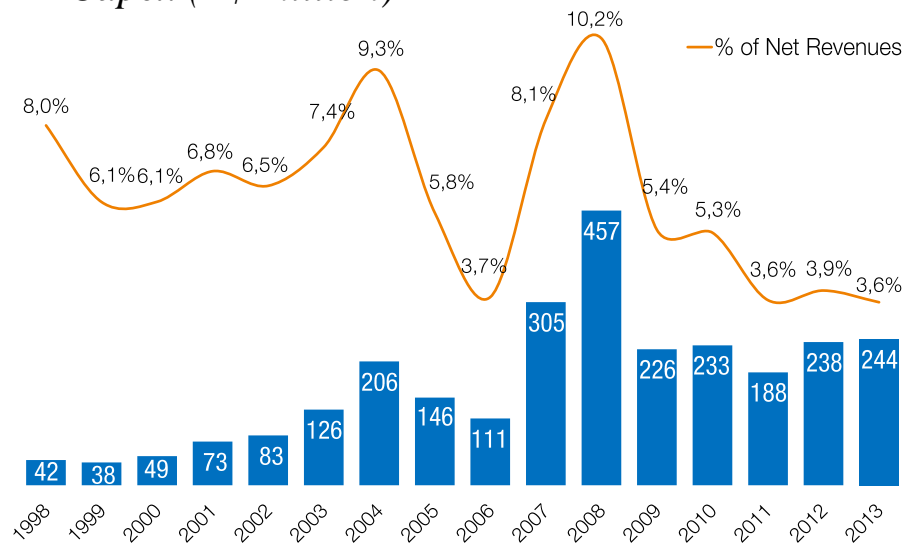


- Produced and sold in Brazil
- Produced in Brazil and exported
- Produced and sold abroad

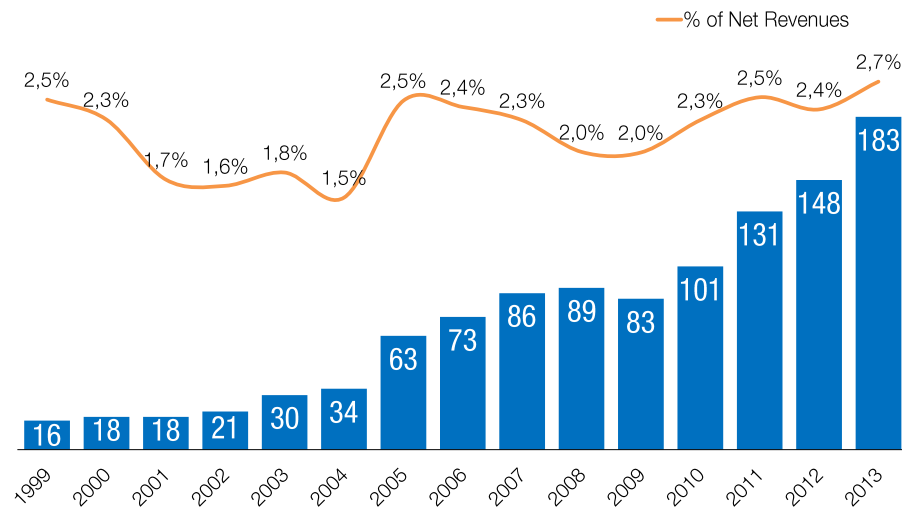
Use of cash



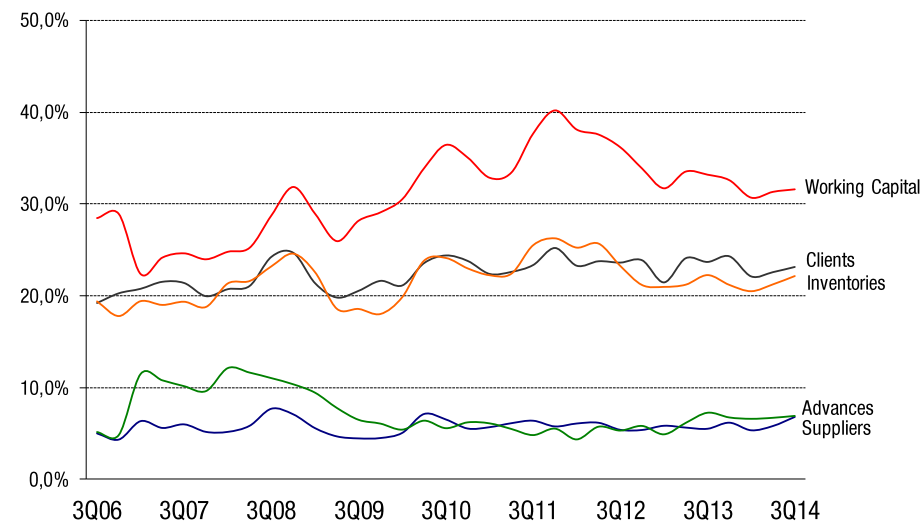
Capex (R\$ million)



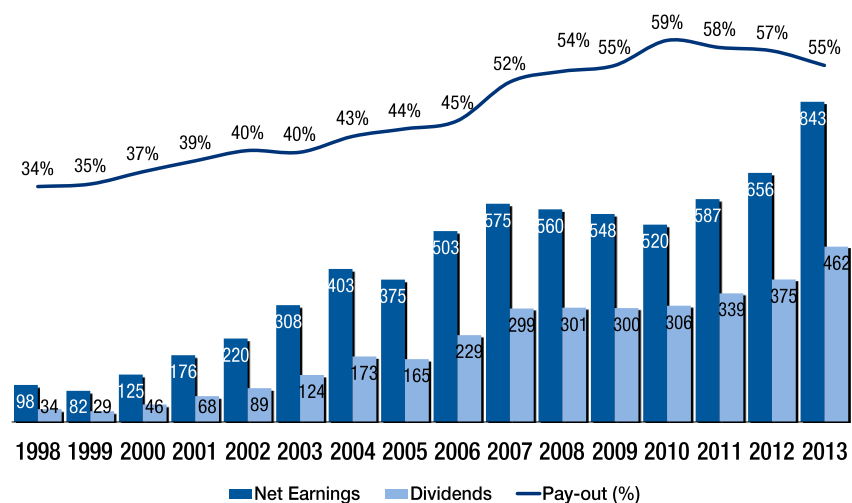
Research & Development (R\$ million)



Working Capital (% of Net Revenues)

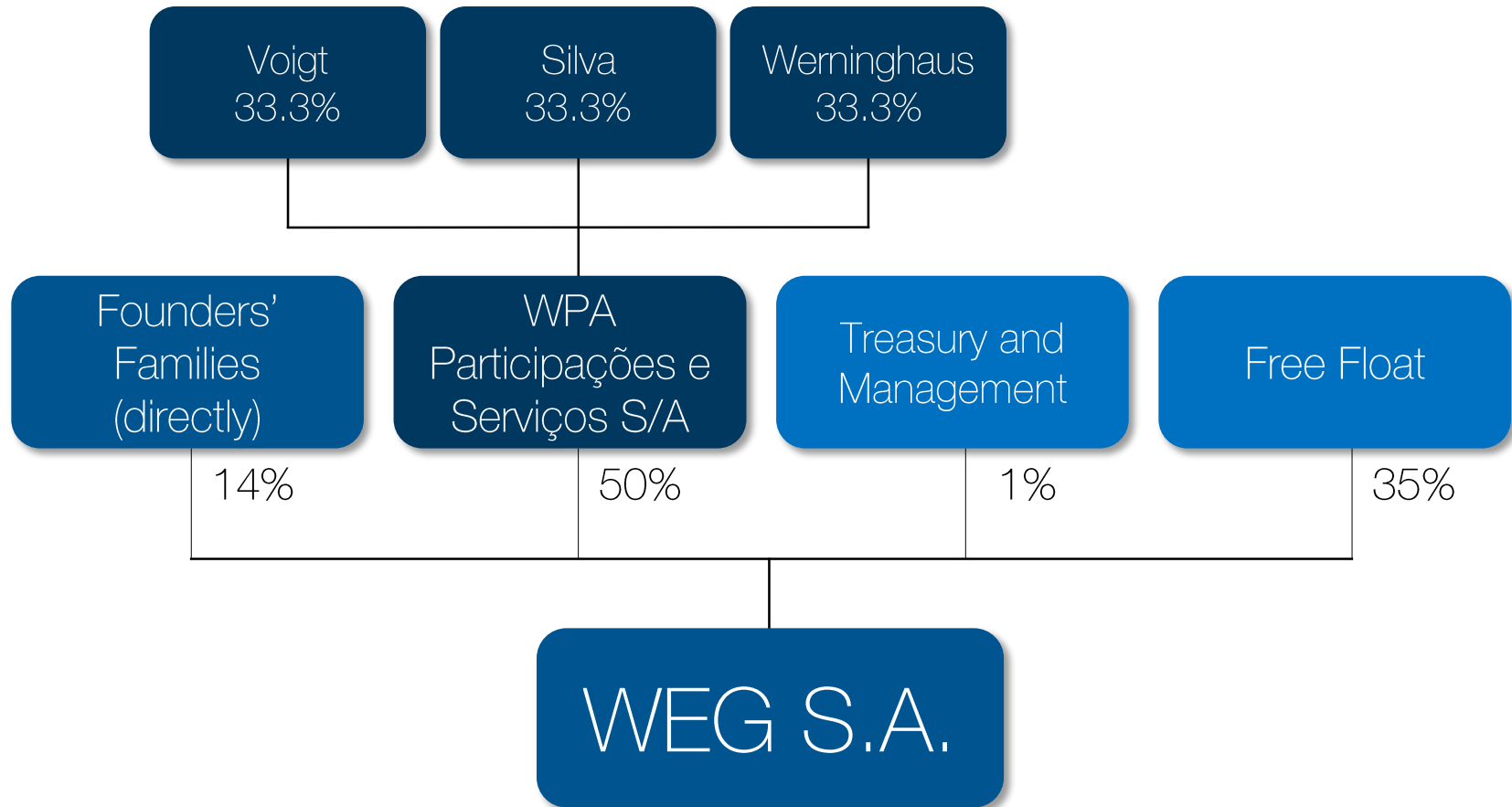


Net Earnings and Dividends (R\$ million)

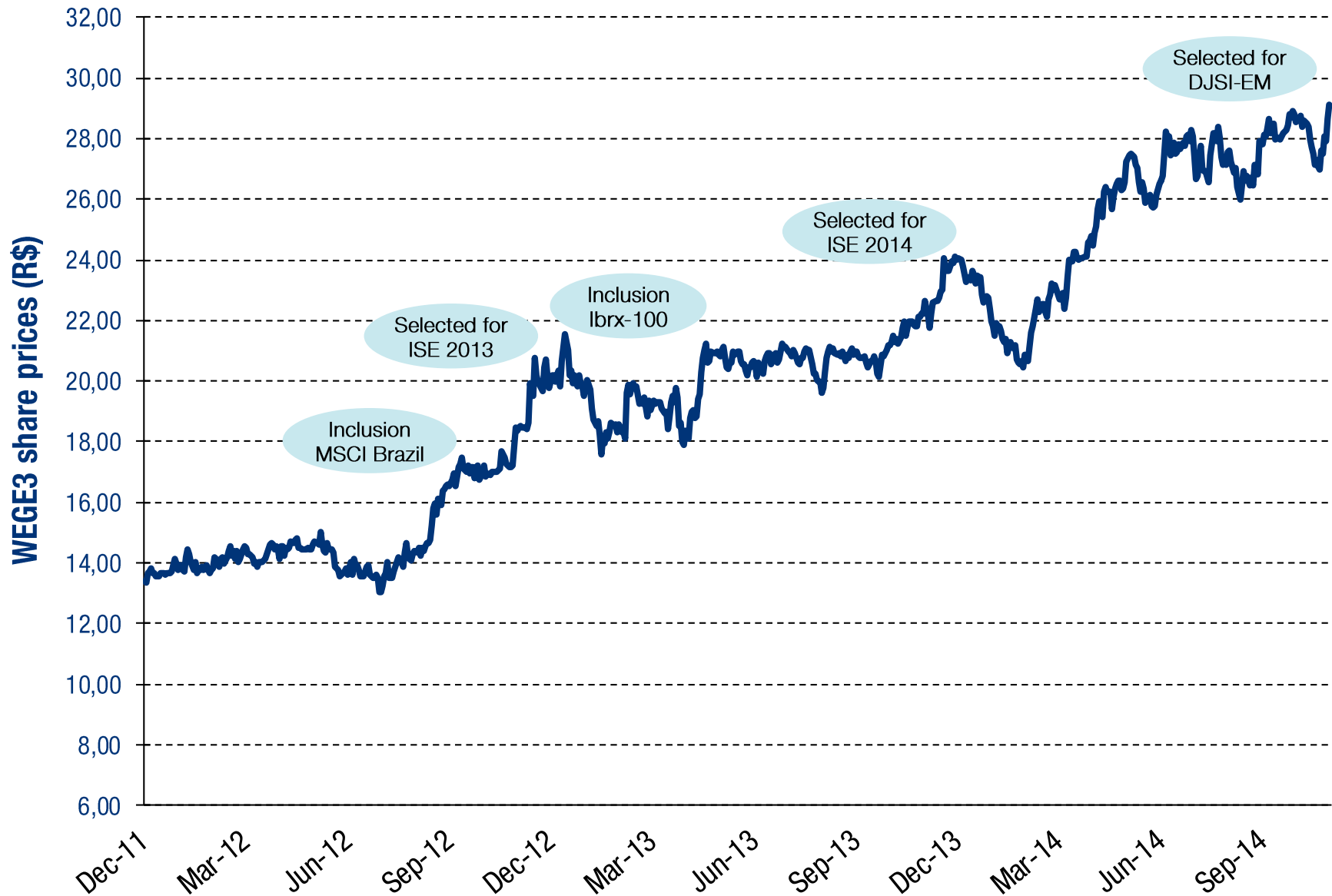


Issuer	■ WEG S.A.
Ticker	■ WEGE3 (BM&Fbovespa) / WEGZY (OTC – ADR Level 1)
Listing Segment	■ Novo Mercado (since 2007)
Number of Shares	<ul style="list-style-type: none">■ Issued: 807,176,538■ In treasury: 581,099■ Ex-treasury: 806,595,439
Share price	<ul style="list-style-type: none">■ On Dec 30, 2013 : R\$ 24.00■ On Oct 28, 2014 : R\$ 29.14
Market value	<ul style="list-style-type: none">■ On Dec 30, 2013 : R\$ 19.3 billion■ On Oct 28, 2014 : R\$ 23.5 billion
Liquidity (average daily volume)	<ul style="list-style-type: none">■ In 2013: R\$ 15,193 thousand / day■ In 2014: R\$ 17,484 thousand / day
Composition of <i>Free Float</i>	<ul style="list-style-type: none">■ 55% - Foreign institutions■ 03% - Brazilian institutions■ 41% - Others (individuals, etc.)

Shareholding structure



WEGE3 performance



Highlights

Yearly Figures

	2013	2012	%	2011	%
Net Operating Revenue	6.828.896	6.173.878	10,6%	5.189.409	19,0%
<i>Domestic Market</i>	3.432.040	3.016.662	13,8%	2.902.958	3,9%
<i>External Markets</i>	3.396.856	3.157.216	7,6%	2.286.451	38,1%
<i>External Markets in US\$</i>	1.569.891	1.610.330	-2,5%	1.361.689	18,3%
Gross Operating Profit	2.236.766	1.880.856	18,9%	1.556.051	20,9%
Gross Margin	32,8%	30,5%		30,0%	
Quarterly Net Income	843.467	655.979	28,6%	586.936	11,8%
Net Margin	12,4%	10,6%		11,3%	
EBITDA	1.230.032	1.016.748	21,0%	851.155	19,5%
EBITDA Margin	18,0%	16,5%		16,4%	
EPS	1,35950	1,05730	28,6%	0,94605	11,8%

Figures in R\$ Thousands

Highlights

YTD Figures

	09M14	09M13	%	09M12	%
Net Operating Revenue	5.661.062	4.935.597	14,7%	4.511.620	9,4%
<i>Domestic Market</i>	2.789.855	2.518.652	10,8%	2.242.129	12,3%
<i>External Markets</i>	2.871.207	2.416.945	18,8%	2.269.491	6,5%
<i>External Markets in US\$</i>	1.255.562	1.139.444	10,2%	1.179.180	-3,4%
Gross Operating Profit	1.786.279	1.620.813	10,2%	1.352.215	19,9%
Gross Margin	31,6%	32,8%		30,0%	
Quarterly Net Income	691.441	606.028	14,1%	472.822	28,2%
Net Margin	12,2%	12,3%		10,5%	
EBITDA	961.842	888.379	8,3%	726.962	22,2%
EBITDA Margin	17,0%	18,0%		16,1%	
EPS	0,85723	0,75138	14,1%	0,76212	-1,4%

Figures in R\$ Thousands

Highlights

Quarterly Figures

	Q3 2014	Q2 2014	%	Q3 2013	%
Net Operating Revenue	2.055.972	1.821.547	12,9%	1.758.381	16,9%
<i>Domestic Market</i>	994.061	900.348	10,4%	872.363	14,0%
<i>External Markets</i>	1.061.912	921.198	15,3%	886.018	19,9%
<i>External Markets in US\$</i>	466.737	413.147	13,0%	387.197	20,5%
Gross Operating Profit	638.533	577.325	10,6%	599.213	6,6%
Gross Margin	31,1%	31,7%		34,1%	
Net Income	258.569	227.985	13,4%	228.761	13,0%
Net Margin	12,6%	12,5%		13,0%	
EBITDA	350.699	311.500	12,6%	326.934	7,3%
EBITDA Margin	17,1%	17,1%		18,6%	
EPS (adjusted for splits)	0,32056	0,28265	13,4%	0,28362	13,0%

Figures in R\$ Thousand

Highlights

Balance sheet – assets

	September 2014 (A)		December 2013 (B)		September 2013 (C)			
	R\$	%	R\$	%	R\$	%	(A)/(B)	(A)/(C)
CURRENT ASSETS	7.285.224	67%	6.851.787	68%	6.306.860	66%	6%	16%
Cash & cash equivalents	3.452.048	32%	3.373.799	33%	2.937.836	31%	2%	18%
Receivables	1.747.503	16%	1.658.806	16%	1.562.243	16%	5%	12%
Inventories	1.672.573	15%	1.445.927	14%	1.467.641	15%	16%	14%
Other current assets	413.100	4%	373.255	4%	339.140	4%	11%	22%
LONG TERM ASSETS	127.245	1%	123.866	1%	118.883	1%	3%	7%
Long term securities	907	0%	2.230	0%	2.077	0%	-	-56%
Deferred taxes	59.208	1%	60.376	1%	56.970	1%	-2%	4%
Other non-current assets	67.130	1%	61.260	1%	59.836	1%	10%	12%
FIXED ASSETS	3.490.341	32%	3.165.640	31%	3.126.322	33%	10%	12%
Investment in Subs	8.222	0%	7.264	0%	7.584	0%	13%	8%
Property, Plant & Equipment	2.794.224	26%	2.614.556	26%	2.574.218	27%	7%	9%
Intangibles	687.895	6%	543.820	5%	544.520	6%	26%	26%
TOTAL ASSETS	10.902.810	100%	10.141.293	100%	9.552.065	100%	8%	14%

Figures in R\$ thousands

Highlights

Balance sheet – liabilities

	September 2014 (A)		December 2013 (B)		September 2013 (C)			
	R\$	%	R\$	%	R\$	%	(A)/(B)	(A)/(C)
CURRENT LIABILITIES	2.840.667	26%	2.578.048	25%	2.709.593	28%	10%	5%
Social and Labor Liabilities	271.371	2%	152.739	2%	231.383	2%	78%	17%
Suppliers	512.394	5%	420.250	4%	362.428	4%	22%	41%
Fiscal and Tax Liabilities	120.509	1%	139.570	1%	138.569	1%	-14%	-13%
Short Term Debt	918.380	8%	912.796	9%	1.114.526	12%	1%	-18%
Dividends Payable	81.661	1%	87.723	1%	42.708	0%	-7%	91%
Advances from Clients	520.966	5%	459.130	5%	477.696	5%	13%	9%
Profit Sharring	64.432	1%	98.005	1%	57.472	1%	-34%	12%
Other Short Term Liabilities	350.954	3%	307.835	3%	284.811	3%	14%	23%
LONG TERM LIABILITIES	3.185.051	29%	2.920.978	29%	2.432.182	25%	9%	31%
Long Term Debt	2.554.109	23%	2.296.208	23%	1.773.632	19%	11%	44%
Other Long Term Liabilities	107.150	1%	95.031	1%	115.300	1%	13%	-7%
Deferred Taxes	278.955	3%	294.405	3%	295.173	3%	-5%	-5%
Contingencies Provisions	244.837	2%	235.334	2%	248.077	3%	4%	-1%
MINORITIES	83.372	1%	84.495	1%	82.578	1%	-1%	1%
STOCKHOLDERS' EQUITY	4.793.720	44%	4.557.772	45%	4.327.712	45%	5%	11%
TOTAL LIABILITIES	10.902.810	100%	10.141.293	100%	9.552.065	100%	8%	14%

Figures in R\$ thousands

Highlights

Balance sheet – cash flow

	9 Months 2014	9 Months 2013
Operating Activities		
Net Earnings before Taxes	881.586	775.591
Depreciation and Amortization	182.667	161.504
Provisions:	272.698	296.178
Changes in Assets & Liabilities	(444.952)	(380.019)
(Increase) / Reduction of Accounts Receivable	(122.894)	(123.528)
Increase / (Reduction) of Accounts Payable	249.930	216.998
(Increase) / Reduction of Inventories	(205.126)	(164.417)
Income Tax and Social Contribution on Net Earnings	(218.669)	(192.547)
Profit Sharing Paid	(148.193)	(116.525)
Cash Flow from Operating Activities	891.999	853.254
Investment Activities		
Fixed Assets	(290.635)	(186.951)
Intangible Assets	(35.926)	(20.877)
Results of sales of fixed assets	4.641	1.985
Accumulated Conversion Adjustment	(35)	38.894
Long term securities bought	(227.108)	261.199
Goodwill in Capital Transactions	(2.699)	(5.169)
Acquisition of Stakes of non-controlling shareholders	(5.947)	(6.268)
Aquisition of Subsidiaries	(136.528)	-
Cash Flow From Investment Activities	(679.315)	82.813
Financing Activities		
Working Capital Financing	792.881	1.230.166
Long Term Financing	(590.725)	(1.019.081)
Interest paid on loans and financing	(129.286)	(120.230)
Treasury Shares	956	717
Dividends & Interest on Stockholders Equity Paid	(436.692)	(392.059)
Cash Flow From Financing Activities	(362.866)	(300.487)
Change in Cash Position	(150.182)	635.580
Cash & Cash Equivalents		
Beginning of Period	3.373.799	2.302.256
End of Period	3.223.617	2.937.836

Figures in R\$ thousands

Highlights

Balance sheet – debt and cash position

	September 2014		December 2013		September 2013	
Cash & Financial instruments	3.452.955		3.376.029		2.939.913	
- Current	3.452.048		3.373.799		2.937.836	
- Long Term	907		2.230		2.077	
Debt	3.472.489	100%	3.209.004	100%	2.888.158	100%
- Current	918.380	26%	912.796	28%	1.114.526	39%
- In Brazilian Reais	573.337	17%	462.336	14%	689.217	24%
- In other currencies	345.043	10%	450.460	14%	425.309	15%
- Long Term	2.554.109	74%	2.296.208	72%	1.773.632	61%
- In Brazilian Reais	1.914.286	55%	2.048.766	64%	1.527.412	53%
- In other currencies	639.823	18%	247.442	8%	246.220	9%
Net Cash (Debt)	(19.534)		167.025		51.755	

Figures in R\$ thousands

WEG Investor Relations

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