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WEG S.A.

2009 Performance

Expectations

December 2008

# Disclaimer

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The statements that may be made during this conference call relating to WEG's business perspectives, projections and operating and financial goals and to WEG's potential future growth are management beliefs and expectations, as well as information that are currently available.

These statements involve risks, uncertainties and the use of assumptions, as they relate to future events and, as such, depend on circumstances that may or may not be present.

Investors should understand that the general economic conditions, conditions of the industry and other operating factors may affect WEG's future performance and lead to results that may differ materially from those expressed in such future considerations.

# Growth is part of our “DNA”

- An important part of our Mission

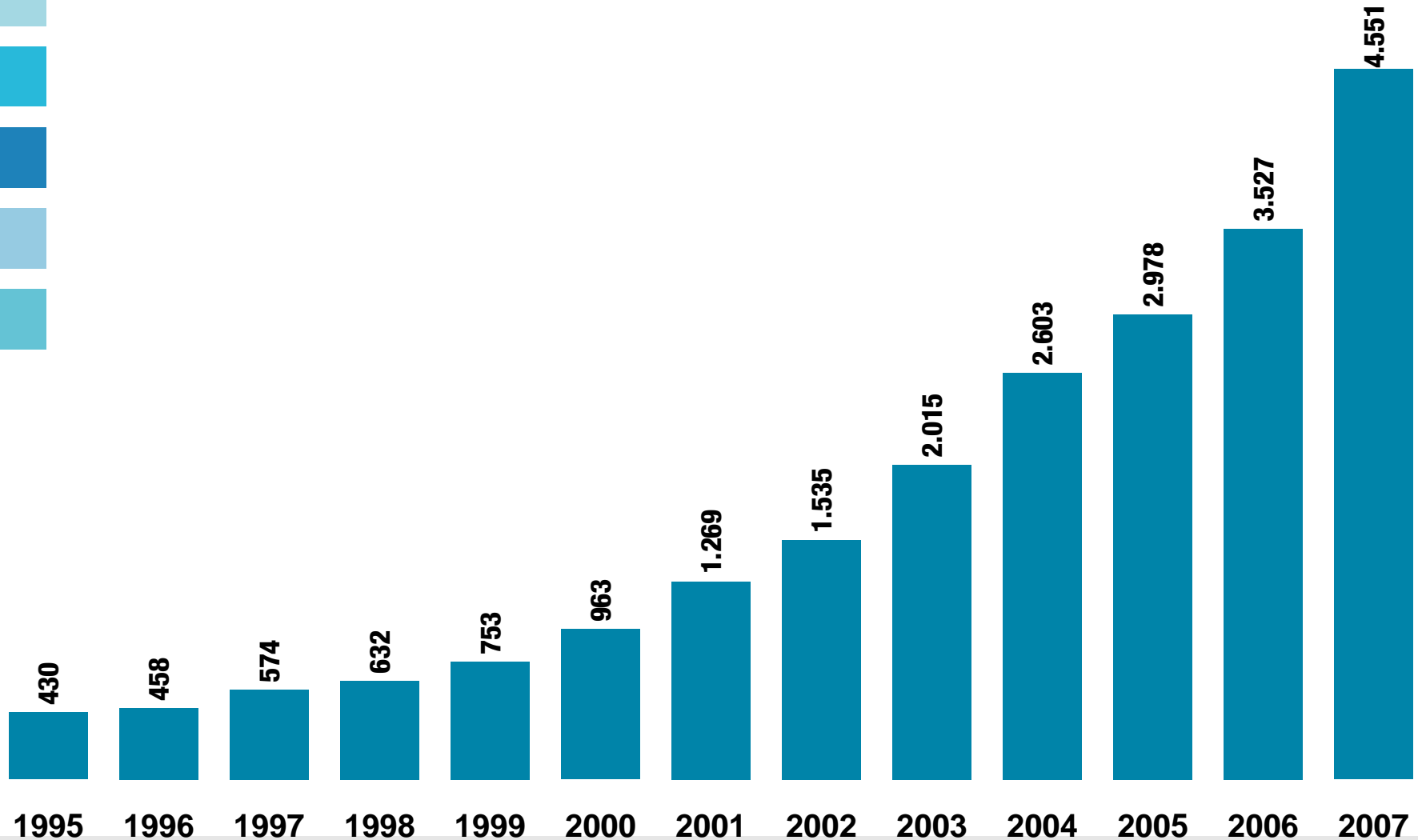
*“Continuous and sustainable growth, maintaining simplicity”*

- Robust business model, as described in our Vision statement:

*“To be global top of mind in electric machines, with a wide range of products, providing efficient and complete solutions”*

# Consistent Growth

Gross Operating Revenues (in R\$ thousands)



# Our recent experience

- Strong global economic expansion
- Consumers under pressure from rising costs and competition from Asia
- All players benefited
  - Growth across market segments and geographies
- Challenges were
  - Rising commodities prices
  - Continuous strengthening of the Brazilian Real


# New challenges over the next years

- Slower economic growth
- Consumer markets becoming more selective
- Increased competition for:
  - More economic, efficient and customized products
  - Pre and after sales services
- Challenges now are:
  - Maintain growth with new markets and new products (increase market share)
  - Maintain margins and returns within WEG standards

# Some things do not change

- Long term trends
  - Rising cost of producing energy
  - Growing importance of energy efficiency
  - Growing viability of clean, safe and sustainable energy generation
- Natural selection favors the most adaptable. WEG always wants to have flexibility:
  - Production capacity
  - Consumer markets (segments and geographies)
  - Products
- Adding technological content and integrating products as systems is a winning strategy

# 2008 Performance

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- Gross Revenues growth
    - New ERP implementation caused difficulties initially, but these have been largely surpassed
    - We should finalize 2008 very close to the initial expectation of 20% growth over 2007
  - Capacity expansion program
    - Increasing expenditures in response to increasing demand, reaching WEG's largest capex volume
    - We should finalized most of the program, with productivity and flexibility gains
    - Total expenditures should reach close to R\$ 475 million



# 2009 Expectations

- Considers lower economic growth and FX around R\$ 2.20/US\$
- Gross Revenues growth from 15% to 18% over 2008 (measured in Brazilian Reais)
  - Close to the average of last few years
- According to destination market
  - Domestic market growth slows down
  - External markets grows with market share gains
    - More favorable exchange rate
    - Maturation of recent capital expenditures

# 2009 Expectations

- Electro-electronic industrial equipments
  - External markets - gaining competitiveness
  - Domestic markets - market share gains in automation and related products
- Energy (GTD)
  - Domestic market – still strong (some segments)
  - External markets – becoming more important
- Domestic use motors
  - Durable consumer products growth slowing down or stabilizing
- Paints and Varnishes
  - Divisional growth tracks consolidated growth

# 2009 Expectations

- Capacity expansion and modernization program
  - Expenditures of around R\$ 375 million
  - Close to 30% towards production plants outside Brazil
  - Highlight is the new electric motor factory in India

# Summary and Action Plan

- Operating in market with fundamentals that remain very attractive
- Attractive growth opportunities, both organically as through acquisitions
- Strong capital structure, with lower leverage
- Product development and innovation capabilities
- Strong globally recognized brand name
- Positioned to provide continuous growth and increase shareholders value