Earnings Release
4Q 2017

Jaraguá do Sul (SC), February 28, 2018: WEG S.A. (B3(NM): WEGE3, OTC: WEGZY), one of the world's largest manufacturers of electric-electronic equipment, announced today its results for the **fourth quarter of 2017 (4Q17)**. The following financial and operating data are presented on a consolidated basis, except when otherwise indicated, in thousands of Brazilian Reais (R$) according to accounting practices adopted in Brazil, including Brazilian Corporate Law and in convergence with IFRS international norms. Except when otherwise indicated, growth rates and other comparisons are made to the same period of the previous year.

IMPROVED BUSINESS DYNAMICS **AND RETURN ON INVESTED CAPITAL**

- **Net Operating Revenues** were **R$2,673.7 million** in **4Q17**, the highest level in the past two years, up 12.5% from 4Q16 and 9.8% higher than 3Q17. Adjusted for the WEG Transformers USA acquisition consolidation, revenues increased 8.9% over 4Q16 and 9.1% over 3Q17.
- **EBITDA** reached **R$376.3 million,** down 6.1% year-over-year and 3.1% quarter-over-quarter, while **EBITDA margin** was **14.1%**, 2.8 p.p. lower than 4Q16 and 1.9 p.p. lower than 3Q17.
- **Return on Invested Capital** (ROIC) reached 15.4% in 2017, up 1.7 p.p. from 2016.

In 4Q17, we again posted double-digit operating revenue growth, both in external and domestic markets, with improved returned on invested capital. This result is chiefly due to the upturn in the Brazilian industrial sector, coupled with more consistent signs of the external market's recovery.

The domestic market recovery is still concentrated in short-cycle products, mainly in industries linked to consumption and agribusiness. For long-cycle products, current demand remained below expectations and was concentrated in equipment replacement, although the recent order intake trend indicates improved conditions for 2018. In the external market, we have alson seen recurrent growth in order intake for short-cycle products in all regions, as well as higher demand for long-cycle product projects in South America, the United States, and Australasia.

EBITDA margin in 4Q17 was mainly impacted by consolidation of the newly acquired transformer business in the USA, non-recurring events in the South African operation, and a higher mix of new businesses in revenue, especially in the still-maturing solar energy sector, in line with the Company's strategic planning.

In 4Q17, net income totaled R$300.3 million, adding R$1,142.1 million in 2017 (net margin of 12.0%). Out of total net income for 2017, 53.1% will be distributed to shareholders as dividends and interest on stockholders' equity.

KEY FIGURES

Figures in R$ thousands

	Q4 2017	Q3 2017	%	Q4 2016	%	12M17	12M16	%
Return on Invested Capital	**15.4%**	**15.0%**	**2.7%**	**13.7%**	**12.4%**	**15.4%**	**13.7%**	**12.4%**
Net Operating Revenue	**2,673,747**	**2,435,085**	**9.8%**	**2,377,331**	**12.5%**	**9,523,830**	**9,367,008**	**1.7%**
Domestic Market	1,231,995	1,008,161	22.2%	1,069,132	15.2%	4,203,680	4,002,279	5.0%
External Markets	1,441,752	1,426,924	1.0%	1,308,199	10.2%	5,320,150	5,364,729	-0.8%
External Markets in US$	444,003	451,452	-1.7%	397,220	11.8%	1,665,587	1,540,192	8.1%
Net Income	**300,250**	**312,030**	**-3.8%**	**323,188**	**-7.1%**	**1,142,149**	**1,117,624**	**2.2%**
Net Margin	11.2%	12.8%		13.6%		12.0%	11.9%	
EBITDA	**376,270**	**388,446**	**-3.1%**	**400,596**	**-6.1%**	**1,466,287**	**1,406,931**	**4.2%**
EBITDA Margin	14.1%	16.0%		16.9%		15.4%	15.0%	
EPS	0.18609	0.19338	-3.8%	0.20033	-7.1%	0.70789	0.69278	2.2%

CONFERENCE CALL *(SIMULTANEOUS TRANSLATION INTO ENGLISH)*

March 1, Thursday 11:00 a.m. (Brasília official time)

Dial–in USA: +1 646 828-8246

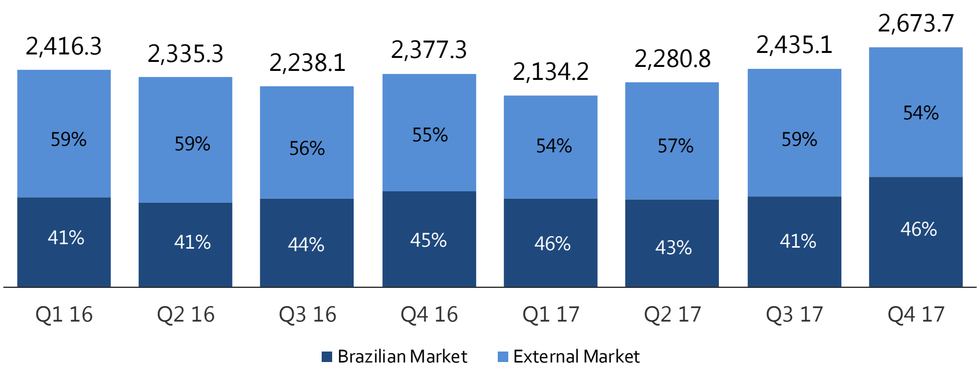
Webcasting (simultaneous translation into English): www.choruscall.com.br/weg/4q17.htm

Net Operating Revenues

Net Operating Revenues (NOR) reached **R$2,673.7 million** in 4Q17, up 12.5% year-over-year and 9.8% quarter-over-quarter. Adjusted for the WEG Transformers USA acquisition consolidation, revenues increased 8.9% from 4Q16 and 9.1% from 3Q17.

For the first time in the year, we recorded revenue growth in all business areas in the domestic market. The short-cycle products, represented by low-voltage electric motors and automated serial equipment, bolstered growth in the industrial electro-electronic equipment segment. In the GTD area, the sale of a large solar generation project drove the revenue increase in the period. Improved economic conditions also boosted revenue growth in the motors for domestic use, paints, and varnishes areas. In the external market, we have noticed clearer recovery signs in both industrial equipment, where order intake has been growing consistently year-over-year, and in the GTD area, where we begining consolidating the newly acquired transformers business in the USA. In 4Q17, foreign exchange variations of R$/US$ were small as compared to 4Q16. The average US dollar/Brazilian Real exchange rate went from R$3.29 in 4Q16 to R$3.25 in 4Q17, representing a depreciation of 1.4% against the Brazilian Real.

Net Operating Revenues by Market



(Figures in R$ Million)

Net Operating Revenue in 4Q17 breakdown by origin:

- Brazilian Market: R$1,232.0 million, representing 46% of Net Operating Revenue; increased by 15.2% when compared to 4Q16 and increased by 22.2% when compared to 3Q17
- External Market: R$1,441.8 million, equivalent to 54% of Net Operating Revenue. Our sales prices in the different markets are almost always denominated in local currency, according to local competitive conditions. In 4Q17 revenues in external market were as follows:
  - Measured in Brazilian Reais: 10.2% growth from 4Q16 and 1.0% from 3Q17. Adjusted for WEG Transformers USA acquisition, revenues grew by 3.7% year-over-year and fell 0.6% quarter-over-quarter.
  - Measured in the quarterly averaged US dollar: up 11.8% year-over-year and down 1.7% quarter-over-quarter. Adjusted for WEG Transformers USA acquisition, revenues grew by 5.2% year-over-year and fell 3.3% quarter-over-quarter.
  - Measured in local currencies, weighted by the revenues in each market and adjusted for WEG Transformers USA acquisition: a 1.9% increase from 4Q16.

Evolution of Net Revenue According to Geographic Market

Figures in R$ thousands

	Q4 2017	Q3 2017	%	Q4 2016	%
Net Operating Revenues	2,673,747	2,435,085	9.8%	2,377,331	12.5%
- Brazilian Market	1,231,995	1,008,161	22.2%	1,069,132	15.2%
- External Markets	1,441,752	1,426,924	1.0%	1,308,199	10.2%
- External Markets in US$	444,003	451,452	-1.7%	397,220	11.8%

External Market - Distribution of Net Revenue According to Geographic Market

	Q4 2017	Q3 2017	%	Q4 2016	%
North America	38.8%	41.5%	-2.7 pp	39.3%	-0.5 pp
South and Central America	14.3%	14.5%	-0.2 pp	16.0%	-1.7 pp
Europe	27.9%	26.9%	1.0 pp	24.5%	3.4 pp
Africa	8.5%	8.5%	0.0 pp	10.4%	-1.9 pp
Australasia	10.5%	8.6%	1.9 pp	9.8%	0.7 pp

Business Area

Industrial Electro-Electronic Equipment – This quarter we continued to notice a recovery of global industrial investment, although it is still focused on installed capacity maintenance. Brownfield and greenfield projects that already show signs of recovery abroad have not been seen in Brazil yet.

Demand improvement in Brazil was widely distributed and predominantly in short-cycle products, with sales concentrated in small machine manufacturers (OEMs), reinforcing an overall perception of improved economic activity. In addition, various customers have sought to replace obsolete motors, aiming for higher energy efficiency while important industries have returned to usual levels of maintenance investment.

The demand for customized or larger-sized products (long-cycle) continues below expectations and the resumption of the large projects has not yet materialized. However, this was the first quarter where we saw improved order intake, especially in automation panels, demanded by mining, chemical, petrochemical, and infrastructure customers.

Abroad, revenue growth is also driven by short-cycle products; Europe, Asia, and North America posted significant revenue growth in the quarter. OEM continues to be the main sales channel, but expansion projects and new plant construction, which also demand long-cycle products, have begun to appear, mainly in industries linked to infrastructure projects and pulp and paper production.

Energy Generation, Transmission, and Distribution (GTD) – In GTD, quarterly revenues reflect the execution of a backlog built over previous quarters.

Performance of energy generation equipment largely relies on the wind generation business and its backlog, with projects whose execution should extend through the third quarter of 2018, reflecting stability for this business over the course of the year. The solar generation business was the highlight in the GTD area, gaining relevance in 2017 with two important solar farm projects added to the backlog. Part of revenues from these projects started to be recognized in 4Q17, positively impacting GTD revenue in the Brazilian market. It is worth mentioning that this is a business still in maturation; although it has an attractive return on invested capital, its operating margins are low.

For other renewable sources, notably hydro and thermal, improvement in order intake continues. This trend is expected to continue in 2018, signaling stability for upcoming months.

The Brazilian power sector regulator held two auctions of new energy, A-4 and A-6, in December 2017. The volume of energy supplied came in below market expectations. The resumption of auctions, which have not been held since 2015, should not change the low demand dynamics of the sector in upcoming years.

We continue to seek opportunities in other markets, focusing our efforts in South America and India.

In Transmission and Distribution (T&D) there is no surplus capacity in the Brazilian system. The auctions held in 2016 (October) and 2017 (April and December) brought positive prospects, with new players taking part in the process and with positive effects on the medium and long-term backlogs. The 2017 result is mainly due to the sale of transformers to power distributors, the sale of transformers and substations in the industrial market, and renewable energy projects.

Our competitiveness, supported by the verticalization of production, enables us to take advantage of the best opportunities available in the market and we continue with our expansion plans in external markets from the units in Mexico, Colombia, South Africa, and the United States.

Revenue growth in the foreign market is mainly due to the consolidation of the new US transformers business, WEG Transformers USA, which contributed with R$84.8 million revenue in 4Q17. This recent acquisition is still being integrated into WEG's US-platform transformer production. Therefore, operating results are still below those earned in other mature businesses. The convergence into margins closer to WEG standard will occur over time.

Motors for domestic use – In the Brazilian market, the combination of low inflation, lower interest rates, and higher consumer confidence has been consolidated this quarter. Recent indicators indicate consumption growth in several areas, inclusive durable goods (white goods). This quarter's revenue reflected these dynamics, exhibiting solid growth versus the same period last year.

In the external market, although market indicators reflect some stability, revenue has dropped, reflecting the strong quarter we had in same period last year due to normal variations in shipment and transport between the manufacturing operations in China and major customers in North America and Europe.

Paints and Varnishes – Domestic market performance continues to reflect the industrial and consumer goods markets performances, which intensified during the recovery process of the year's last quarter. This was the first quarter of revenue growth compared to the same period last year, reflecting the improvement in some segments, such as road implements and white goods, as well as the normalization of preventive maintenance in important segments such as oil and gas and mining and shipping. The growth in revenues in the external markets reflects our search for new customers, mainly in Latin America, with products already consolidated in Brazil.

Distribution of Net Revenue by Business Area

	Q4 2017	Q3 2017		Q4 2016	
Electro-electronic Industrial Equipments	**50.5%**	**57.0%**	**-6.5 pp**	**50.5%**	**0 pp**
Domestic Market	15.2%	17.8%	-2.6 pp	13.8%	1.4 pp
External Market	35.3%	39.2%	-3.9 pp	36.7%	-1.4 pp
Energy Generation , Transmission and Distribut	**33.4%**	**26.1%**	**7.3 pp**	**32.2%**	**1.2 pp**
Domestic Market	21.2%	14.0%	7.2 pp	21.6%	-0.4 pp
External Market	12.2%	12.1%	0.1 pp	10.6%	1.6 pp
Electric Motors for Domestic Use	**11.2%**	**11.8%**	**-0.6 pp**	**12.5%**	**-1.3 pp**
Domestic Market	5.7%	5.4%	0.3 pp	5.4%	0.3 pp
External Market	5.5%	6.4%	-0.9 pp	7.1%	-1.6 pp
Paints and Varnishes	**4.5%**	**4.7%**	**-0.2 pp**	**4.4%**	**0.1 pp**
Domestic Market	3.8%	4.0%	-0.2 pp	3.9%	-0.1 pp
External Market	0.7%	0.7%	0 pp	0.5%	0.2 pp

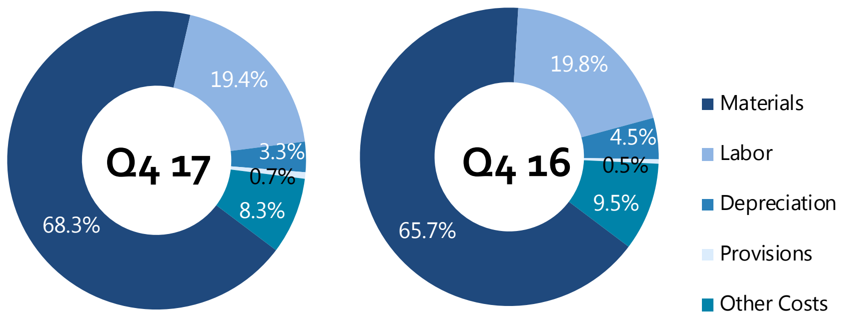
Cost of Goods Sold

The Cost of Goods Sold (COGS) totaled R$1,967.0 million in 4Q17, up 17.4% from 4Q16 and 15.6% from 3Q17. Gross margin was 26.4%, 3.1 p.p. lower than 4Q16, and 3.7 p.p. lower than the previous quarter.

Higher costs in the quarter were mainly due to non-recurring costs in the US transformers units (WEG Transformers USA) and in the South African operations. Concerning USA, process changes will deliver better results in 2018. South African operations had low performance on EPC (Engineering, Procurement and Construction) projects.

In addition, average copper price on the spot market at the London Metal Exchange (LME) rose 7.4% from 3Q17 and 29.3% from 4Q16. The average steel price increased 1.9% from 3Q17 and 18.5% from 4Q16. These price changes are stated in US dollars and were partially offset by US dollar depreciation against the Brazilian Real in the period. Despite significant increases in the main input prices, hedge mechanisms softened the impact on margins in the short term, and in the long term these increases will be gradually transferred to sales prices.

COGS Composition



Selling, General, and Administrative Expenses

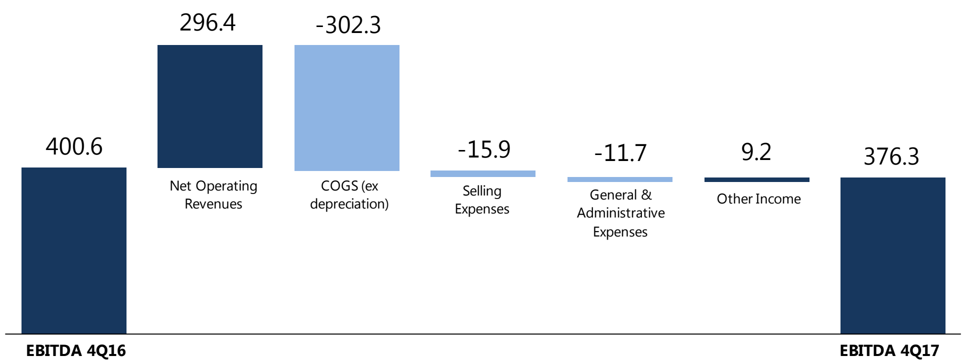
Consolidated selling, general, and administrative (SG&A) expenses totaled R$364.5 million in 4Q17, up 6.2% year-over-year and in line with 3Q17. Operating expenses accounted for 13.6% of net operating revenues, down 0.8 p.p. from 4Q16 and 1.3 p.p. from 3Q17. Revenue growth, coupled with discipline in expense control, have been increased operational efficiency, softening the impact of a higher percentage of new businesses in the mix of products sold.

EBITDA and EBITDA Margin

In 4Q17, EBITDA totaled R$376.3 million, down 6.1% from 4Q16 and down 3.1% from 3Q17. EBITDA margin reached 14.1%, 2.8 p.p. lower than in 4Q16 and 1.9 p.p. lower than in 3Q17. EBITDA margin decrease in the quarter was chiefly due to the following factors: a) negative profitability of new transformers business in the United States; b) non-recurring impact on the cost of South African operation due to low performance on EPC projects; and c) higher percentage of new businesses in the sales mix, especially solar generation, a still-maturing business with lower operating margins. Adjusted for these three factors, 4Q17 EBITDA margin would be at levels close those recorded in 3Q17.

	Q4 2017	Q3 2017	%	Q4 2016	%
Net Operating Revenues	2,673.7	2,435.1	9.8%	2,377.3	12.5%
Net Income before Minorities	296.4	312.9	-5.3%	324.4	-8.6%
Net Margin	11.1%	12.8%		13.6%	
(+) Income taxes & Contributions	0.8	30.2	-97.4%	34.7	-97.7%
(+/-) Financial income (expenses)	6.6	-26.7	n.a.	-47.6	n.a.
(+) Depreciation & Amortization	72.4	72.1	0.5%	89.2	-18.8%
EBITDA	376.3	388.4	-3.1%	400.6	-6.1%
EBITDA Margin	14.1%	16.0%		16.9%	

Figures in R$ Million



(Figures in R$ Million)

Net Financial Results

Net financial results in 4Q17 were a loss of R$6.6 million (versus a gain of R$47.6 million in 4Q16 and R$26.7 million in 3Q17). The comparative decrease was mainly due to lower interest rates (CDI) during 4Q17, which had a direct impact on the interest earned on floating-rate financial investments, coupled with the non-cash impact of mark-to-market of derivatives transactions used to hedge against foreign currency-denominated indebtedness. In addition, we recorded an impact of approximately R$10 million referring to the early settlement fees of a former line of credit, which cost more than our financial investments yielded. This expense will be offset in 2018, with a positive impact on net financial results during 2018.

Income Tax

During 4Q17, the provision for "Income Tax and Social Contribution on Net Profit" reached R$29.8 million (R$69.8 million and R$48.2 million in 4Q16 and 3Q17, respectively). Additionally, we recorded R$29.0 million as ''Deferred Income Tax/Social Contribution'' credit in 4Q17 (credits of R$35.2 million in 4Q16 and credits of R$18.0 million in 3Q17). Decreased expenses in relation to previous quarters were due to non-recurring credit of approximately R$25 million, relating to the benefit of research and development expenses from 2012 to 2016 in our US business.

Net Income

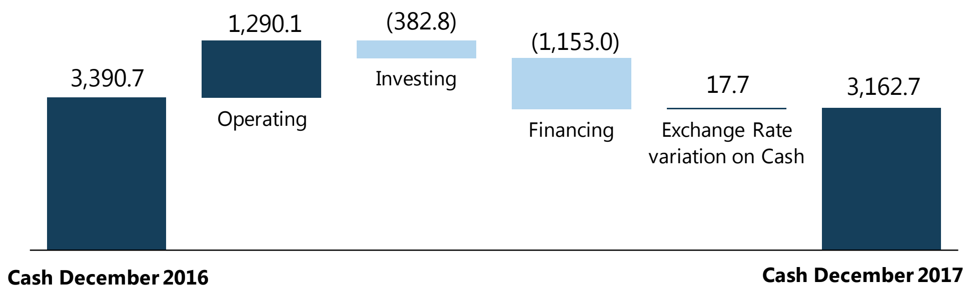
4Q17 net income reached R$300.3 million, down 7.1% from 4Q16 and down 3.8% from 3Q17. Net margin reached 11.2%, 2.4 p.p. lower than 4Q16 and 1.6 p.p. lower than the previous quarter.

Cash Flow

Cash generation from operating activities reached R$1,290.1 million in 2017, a decrease of 39.5% as compared to 2016, as a result of higher working capital investments. It is worth mentioning that despite the consumption of working capital in the period, operational indicators were not impaired.

The efforts to maximize returns on invested capital and optimize production capacity by adjusting the speed of disbursements of the Capex program resulted in a reduction of the pace of cash consumption in investment activities, which reached R$382.8 million for the year.

Regarding financing activities, we issued R$1,161.9 million in new debt, which, when combined with R$1,403.3 million of amortization, resulted in a net amortization of R$241.4 million. We paid R$357.6 million as interest on loans and R$548.5 million to equity capital providers in the form of dividends and interest on stockholders' equity. The net result was that our financing activities consumed R$1,153.0 million in 2017.



(Figures in R$ Million)

The previous graph shows the cash and cash equivalent positions classified as current assets, in accordance with Brazilian accounting standards (IFRS). Also, we had R$1,593.2 million in investments without immediate liquidity (R$1,557.9 million in December 2016).

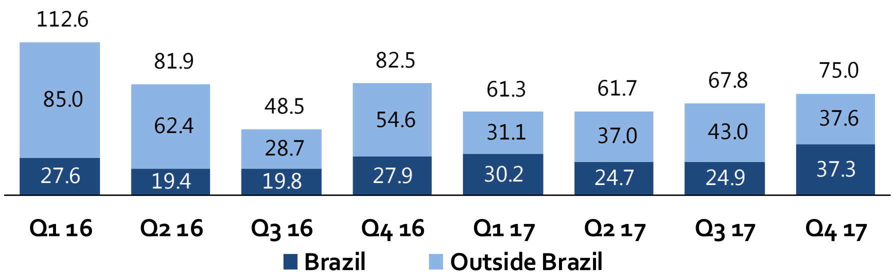
Return on Invested Capital

ROIC in 2017 grew by 1.7 p.p., reaching 15.4%. Net Operating Profit After Taxes (NOPAT) growth due to revenue increase, expense control, and higher tax efficiency more than offset the capital employed increase, which was due to higher working capital needs and investments in fixed and intangible assets made in 2017.

Investments

In 2017, investments in production capacity expansion and modernization, machinery and equipment, and software, totaled R$265.8 million, with 56% allocated to industrial plants and other subsidiaries abroad, and 44% for the industrial plants in Brazil.

The new electric motors industrial plants projects in Mexico and China continued to represent the majority of our investments abroad. It is important to emphasize that we continue to pursue these long-term projects, even though we have made adjustments to the speed of disbursements in the production capacity expansion in our efforts to maximize return on invested capital. As these investments in capacity increase are modular, it is possible, by monitoring each market, to adjust capacity expansion to meet the effective demand.



(Figures in R$ Million)

Expenditures in research, development, and innovation totaled R$259.3 million in 2017. This amount represents 2.7% of net operating revenue in the year.

Debt and Cash Position

On December 31, 2017, cash, cash equivalents, and financial investments totaled R$4,755.9 million and were invested in first-tier banks and denominated in Brazilian currency. Gross financial debt totaled R$4,110.1 million, with 49% in short-term operations and 51% in long-term operations. Net cash totaled R$645.8 million.

	December 2017		December 2016		December 2015	
Cash & Financial instruments	**4,755,885**		**4,948,613**		**4,813,700**	
- Current	4,585,606		4,779,392		4,442,278	
- Long Term	170,279		169,221		371,422	
Debt	4,110,082	**100%**	4,489,698	**100%**	5,170,654	**100%**
- Current	2,027,375	49%	1,028,952	23%	1,286,071	25%
- In Brazilian Reais	1,300,232		642,413		638,990	
- In other currencies	727,143		386,539		647,081	
- Long Term	2,082,707	51%	3,460,746	77%	3,884,583	75%
- In Brazilian Reais	457,386		1,925,350		1,751,352	
- In other currencies	1,625,321		1,535,396		2,133,231	
Net Cash (Debt)	**645,803**		**458,915**		**(356,954)**	

(Figures in R$ thousands)

The characteristics of the debt at the end of December were:

- The total debt duration was 20.0 months, with a duration of 32.3 months for the long-term portion. In December 2016, these durations were 22.6 months and 27.1 months, respectively.

- The weighted average cost in Brazilian-Reais-denominated debt was approximately 8.3% per year (8.8% per year in December 2016). The post-fixed contracts were indexed mainly to the TJLP.

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Dividends and Interest on Stockholders' Equity

Our practice is to declare interest on stockholders' equity on a quarterly basis and dividends based on the net income for each half year, i.e., six annual distributions, which are paid biannually.

Management will propose, at the Annual General Meeting to be held on 04/24/2018, to earmark R$606.8 million to pay dividends and interest on stockholders' equity, as remuneration to shareholders of net income for 2017, or 53.1% of the net income before statutory adjustments.

Out of this total, R$288.5 million was declared in the first half of 2017 and paid in the second half. The payment of remuneration to shareholders for the second half of 2017, totaling R$318.3 million, must take place as of March 14, 2018.

Event	Board Meeting Date	Gross amount per share
Interest on Stockholders' Equity	21/03/2017	0.065294118
Interest on Stockholders' Equity	27/06/2017	0.060588235
Dividends	18/07/2017	0.053003045
Interest on Stockholders' Equity	26/09/2017	0.058117647
Interest on Stockholders' Equity	12/12/2017	0.057058824
Dividends	27/02/2018	0.082115193
Total		**0.376177062**

Results Conference Call

WEG will hold a conference call and webcast to discuss these results on Thursday, March 1, 2018 (Thursday). The call will be conducted in Portuguese with simultaneous translation into English and webcast at the following time:

11:00 a.m. – Brasília time

09:00 a.m.– New York (EST)

02:00 p.m.– London (GMT)

Connecting phone numbers:

Dial–in for connecting from Brazil: (11) 3193-1001 / (11) 2820-4001

Dial–in for connecting from the USA: +1 646 828-8246

Toll-free for connecting from the USA: +1 800 492-3904

Code: WEG

Access to the Webcasting:

Slides and Portuguese audio: www.choruscall.com.br/weg/4t17.htm

Slides and English translation: www.choruscall.com.br/weg/4q17.htm

The presentation will be available via Investor Relations page of WEG website (ir.weg.net). Please dial-in to the call approximately 10 minutes before the scheduled start time.

Business areas

Industrial Electro-Electronic Equipment

The industrial electrical-electronic equipment area includes low and medium voltage electric motors, drives & controls, industrial automation equipment and services, and maintenance services. Electric motors and other related equipment are used in practically all industrial segments; in equipment such as compressors, pumps, and fans, for example. We compete with our products and solutions in practically all worldwide markets.

Energy Generation, Transmission, and Distribution (GTD)

Products and services included in this area are electric generators for hydraulic and thermal power plants (biomass), hydro turbines (small hydroelectric plants or PCH), wind turbines, transformers, substations, control panels, and system integration services. In the GTD area in general and specifically in power generation, investment maturation terms are longer, with slower investment decisions and longer project and manufacturing lead times. As such, new orders are recorded as revenue after a few months, upon effective delivery to buyers.

Motors for Domestic Use

In this business area, our operations have traditionally been focused on Brazil, where we hold a significant share in the market of single phase motors for durable consumer goods, such as washing machines, air conditioners, and water pumps, among others. In recent years, we started expanding internationally, with a complete product portfolio to serve our worldwide customers. In this short-cycle business, variations in consumer demand rapidly transfer to the industry, with almost immediate impacts on production and revenue.

Paints and Varnishes

In this area, which includes liquid paints, powder paints, and electro-insulating varnishes, we have a very clear focus on industrial applications in Brazil and we are expanding to Latin America. Our strategy in this area is cross-selling to customers from other operating areas, with target markets ranging from the manufacturers of white line home appliances to the shipbuilding industry. We seek to maximize the scale of production and efforts to develop new products and new segments.

Annex I

Consolidated Income Statement - Quarterly

Figures in R$ Thousands

	4th Quarter 2017		3rd Quarter 2017		4th Quarter 2016		Changes %	
	R$	VA%	R$	VA%	R$	VA%	Q4 2017 / Q3 2017	Q4 2017 / Q4 2016
Net Operating Revenues	**2,673,747**	100%	2,435,085	100%	2,377,331	100%	9.8%	12.5%
Cost of Goods Sold	**(1,966,991)**	-74%	(1,701,858)	-70%	(1,674,935)	-70%	15.6%	17.4%
Gross Profit	**706,756**	26%	733,227	30%	702,396	30%	-3.6%	0.6%
Sales Expenses	**(237,362)**	-9%	(238,374)	-10%	(227,382)	-10%	-0.4%	4.4%
Administrative Expenses	**(127,104)**	-5%	(125,875)	-5%	(115,954)	-5%	1.0%	9.6%
Financial Revenues	**236,517**	9%	178,778	7%	262,104	11%	32.3%	-9.8%
Financial Expenses	**(243,166)**	-9%	(152,047)	-6%	(214,475)	-9%	59.9%	13.4%
Other Operating Income	**5,363**	0%	5,339	0%	4,865	0%	0.4%	10.2%
Other Operating Expenses	**(43,813)**	-2%	(57,971)	-2%	(52,539)	-2%	-24.4%	-16.6%
EARNINGS BEFORE TAXES	**297,191**	11%	343,077	14%	359,015	15%	-13.4%	-17.2%
Income Taxes & Contributions	**(29,781)**	-1%	(48,180)	-2%	(69,816)	-3%	-38.2%	-57.3%
Deferred Taxes	**28,995**	1%	17,992	1%	35,160	1%	61.2%	-17.5%
Minorities	**(3,845)**	0%	859	0%	1,171	0%	n.m	n.m
NET EARNINGS	**300,250**	11%	312,030	13%	323,188	14%	-3.8%	-7.1%
EBITDA	**376,270**	14.1%	388,446	16.0%	400,596	16.9%	-3.1%	-6.1%
EPS (adjusted for splits)	**0.18609**		0.19338		0.20033		-3.8%	-7.1%

Annex II

Consolidated Income Statement

Figures in R$ Thousands

	12 Months		12 Months		%
	2017		2016		2017 / 2016
	R$	VA%	R$	VA%	
Net Operating Revenues	9,523,830	100%	9,367,008	100%	2%
Cost of Goods Sold	(6,765,383)	-71%	(6,731,229)	-72%	1%
Gross Profit	2,758,447	29%	2,635,779	28%	5%
Sales Expenses	(894,353)	-9%	(924,999)	-10%	-3%
Administrative Expenses	(488,681)	-5%	(465,383)	-5%	5%
Financial Revenues	851,852	9%	816,087	9%	4%
Financial Expenses	(793,816)	-8%	(600,247)	-6%	32%
Other Operating Income	23,205	0%	15,526	0%	49%
Other Operating Expenses	(216,206)	-2%	(197,249)	-2%	10%
EARNINGS BEFORE TAXES	1,240,448	13%	1,279,514	14%	-3%
Income Taxes & Contributions	(167,681)	-2%	(245,415)	-3%	-32%
Deferred Taxes	68,175	1%	93,733	1%	-27%
Minorities	(1,207)	0%	10,208	0%	n.m
NET EARNINGS	1,142,149	12%	1,117,624	12%	2%
EBITDA	1,466,287	15.4%	1,406,931	15.0%	4%
EPS	0.70789		0.69278		2%

Annex III

Consolidated Balance Sheet

Figures in R$ Thousands

	December 2017 (A)		December 2016 (B)		December 2015 (C)			
	R$	%	R$	%	R$	%	(A)/(B)	(A)/(C)
CURRENT ASSETS	**9,415,667**	**67%**	**9,127,483**	**68%**	**9,589,344**	**67%**	**3%**	**-2%**
Cash & cash equivalents	4,573,731	33%	4,763,949	35%	4,434,759	31%	-4%	3%
Receivables	2,242,613	16%	2,251,922	17%	2,545,927	18%	0%	-12%
Inventories	1,852,266	13%	1,575,055	12%	2,009,254	14%	18%	-8%
Other current assets	747,057	5%	536,557	4%	599,404	4%	39%	25%
LONG TERM ASSETS	**443,844**	**3%**	**397,383**	**3%**	**619,206**	**4%**	**12%**	**-28%**
Deferred taxes	148,284	1%	130,291	1%	131,327	1%	14%	13%
Other non-current assets	295,560	2%	267,092	2%	487,665	3%	11%	-39%
FIXED ASSETS	**4,126,476**	**30%**	**3,984,465**	**29%**	**4,052,991**	**28%**	**4%**	**2%**
Investment in Subs	268	0%	223	0%	1,379	0%	20%	-81%
Property, Plant & Equipment	3,160,111	23%	3,032,716	22%	3,264,898	23%	4%	-3%
Intangibles	966,097	7%	951,526	7%	786,714	6%	2%	23%
TOTAL ASSETS	**13,985,987**	**100%**	**13,509,331**	**100%**	**14,261,541**	**100%**	**4%**	**-2%**
CURRENT LIABILITIES	**4,326,788**	**31%**	**3,278,855**	**24%**	**3,494,850**	**25%**	**32%**	**24%**
Social and Labor Liabilities	211,062	2%	199,543	1%	191,077	1%	6%	10%
Suppliers	750,533	5%	562,851	4%	566,769	4%	33%	32%
Fiscal and Tax Liabilities	102,944	1%	125,062	1%	121,461	1%	-18%	-15%
Short Term Debt	2,014,530	14%	991,433	7%	1,284,633	9%	103%	57%
Dividends Payable	160,892	1%	191,365	1%	172,484	1%	-16%	-7%
Advances from Clients	429,258	3%	577,688	4%	486,225	3%	-26%	-12%
Profit Sharring	138,788	1%	124,764	1%	143,897	1%	11%	-4%
Derivatives	12,845	0%	37,519	0%	1,438	0%	-66%	793%
Other Short Term Liabilities	505,936	4%	468,630	3%	526,866	4%	8%	-4%
LONG TERM LIABILITIES	**2,815,892**	**20%**	**4,159,644**	**31%**	**4,610,631**	**32%**	**-32%**	**-39%**
Long Term Debt	2,041,912	15%	3,408,892	25%	3,868,335	27%	-40%	-47%
Other Long Term Liabilities	150,390	1%	157,147	1%	159,632	1%	-4%	-6%
Deferred Taxes	116,629	1%	159,203	1%	242,696	2%	-27%	-52%
Contingencies Provisions	506,961	4%	434,402	3%	339,968	2%	17%	49%
MINORITIES	**122,381**	**1%**	**107,958**	**1%**	**126,680**	**1%**	**13%**	**-3%**
STOCKHOLDERS' EQUITY	**6,720,926**	**48%**	**5,962,874**	**44%**	**6,029,380**	**42%**	**13%**	**11%**
TOTAL LIABILITIES	**13,985,987**	**100%**	**13,509,331**	**100%**	**14,261,541**	**100%**	**4%**	**-2%**

Annex IV

Consolidated Cash Flow Statement

Figures in R$ Thousands

	12 Months 2017	12 Months 2016
Operating Activities		
Net Earnings before Taxes	1,240,448	1,279,514
Depreciation and Amortization	283,874	343,257
Provisions:	505,174	356,671
Changes in Assets & Liabilities	(739,360)	151,470
(Increase) / Reduction of Accounts Receivable	(104,889)	89,449
Increase / (Reduction) of Accounts Payable	(107,770)	219,710
(Increase) / Reduction of Investories	(172,271)	276,537
Income Tax and Social Contribution on Net Earnings	(167,250)	(244,334)
Profit Sharing Paid	(187,180)	(189,892)
Cash Flow from Operating Activities	**1,290,136**	**2,130,912**
Investment Activities		
Fixed Assets	(254,955)	(325,504)
Intagible Assets	(10,822)	(37,121)
Results of sales of fixed assets	11,694	13,611
Results of sales of intangible	3,760	-
Rescue of financial investments	144,931	881,948
Financial investments held to maturity	-	(923,039)
Income on financial investments	(182,690)	(174,338)
Cash Aquired from Subsidiaries	1,154	4,014
Aquisition of Subsidiaries	(95,828)	(292,301)
Cash Flow From Investment Activities	**(382,756)**	**(852,730)**
Financing Activities		
Working Capital Financing	1,161,890	1,142,860
Long Term Financing	(1,403,289)	(1,279,654)
Interest paid on loans and financing	(357,638)	(405,540)
Treasury Shares	(5,468)	5,145
Dividends & Intesrest on Stockholders Equity Paid	(548,502)	(526,730)
Cash Flow From Financing Activities	**(1,153,007)**	**(1,063,919)**
Changes in Cash and Equivalents caused by FX Changes	**17,650**	**(100,716)**
Change in Cash Position	**(227,977)**	**113,547**
Cash & Cash Equivalents		
Beginning of Period	3,390,662	3,277,115
End of Period	3,162,685	3,390,662

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