Earnings Release
2Q 2018

Jaraguá do Sul (SC), July 18, 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 **second quarter of 2018 (2Q18)**. 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.

REVENUE, EBITDA AND RETURN ON INVESTED CAPITAL GROWTH IN THE QUARTER

- **Net Operating Revenues** were **R$ 3,056.6 million** in **2Q18**, 34.0% higher than 2Q17 and 19.8% higher than 1Q18. Adjusted for the effects of the consolidation of acquisitions of WEG Transformers USA (WTU) and TGM, net revenues would show a 26.2% increase vs. 2Q17 and 18.6% increase vs. 1Q18.
- **EBITDA** reached **R$ 465.5 million,** 25.6% higher than 2Q17 and 22.6% higher than 1Q18, while **EBITDA margin** was **15.2%**, 1.0 p.p. lower than 2Q17 and 0.3 p.p. higher than 1Q18.
- **Return on Invested Capital** (ROIC) reached 16.8% in 2Q18, up 1.6 p.p. from 2Q17 and up 0.4 p.p. from 1Q18.

The second quarter of 2018 showed the highest level of net operating revenue in WEG's history. In Brazil, growth was boosted by the economic improvement and the greater participation of new businesses in revenue, such as solar power plants and the recent steam turbine business acquisition (TGM). In external markets, growth is still concentrated in short-cycle equipment sales, at the same time that we have found some opportunities in projects that require long-cycle equipment, mainly for the oil & gas and pulp & paper segments.

We have pointed out that although the new businesses are still in their early stages, they have attractive returns on invested capital, as can be seen from the continued expansion of ROIC in annual comparisons. The volatility of operating margins stemming from the expansion of new business (such as solar power) and acquisitions (such as transformers in the United States) are more than offset by efficient capital allocation and scale gains.

MAIN HIGHLIGHTS

Figures in R$ thousands

	Q2 2018	Q1 2018	%	Q2 2017	%	06M18	06M17	%
Return on Invested Capital	**16.8%**	**16.4%**	**0.4 pp**	**15.2%**	**1.6 pp**	**16.8%**	**15.2%**	**1.6 pp**
Net Operating Revenue	**3,056,648**	**2,551,476**	**19.8%**	**2,280,769**	**34.0%**	**5,608,124**	**4,414,998**	**27.0%**
Domestic Market	1,318,922	1,128,571	16.9%	972,614	35.6%	2,447,493	1,963,524	24.6%
External Markets	1,737,726	1,422,905	22.1%	1,308,155	32.8%	3,160,631	2,451,474	28.9%
External Markets in US$	483,604	438,538	10.3%	406,346	19.0%	922,142	770,123	19.7%
Net Income	**336,605**	**285,004**	**18.1%**	**272,166**	**23.7%**	**621,609**	**529,869**	**17.3%**
Net Margin	11.0%	11.2%		11.9%		11.1%	12.0%	
EBITDA	**465,515**	**379,710**	**22.6%**	**370,576**	**25.6%**	**845,225**	**701,571**	**20.5%**
EBITDA Margin	15.2%	14.9%		16.2%		15.1%	15.9%	
EPS (adjust for splits)	0.16052	0.13589	18.1%	0.12976	23.7%	0.29641	0.25263	17.3%

CONFERENCE CALL *(SIMULTANEOUS TRANSLATION INTO ENGLISH)*
July 19, Thursday 11:00 a.m. (Brasília official time)
NEW: pre-registration for conference call, register here
Dial–in USA (for those who did not pre-register): +1 646 828-8246
Webcasting (simultaneous translation into English): www.choruscall.com.br/weg/2q18.htm

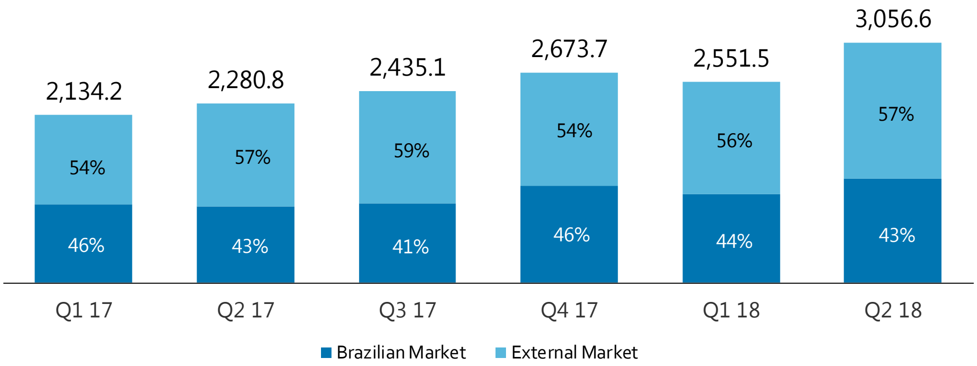
Net Operating Revenues

Net Operating Revenues (NOR) reached **R$ 3,056.6 million** in 2Q18, up 34.0% year-over-year and up 19.8% quarter-over-quarter. If adjusted for the acquisition consolidation of WEG Transformers USA and TGM, revenues were up 26.2% over 2Q17 and up 18.6% in relation to 1Q18.

As has been the case for some quarters, Energy Generation, Transmission, and Distribution (GTD) led consolidated growth. In Brazil, GTD's expansion is due to the start of revenue recognition in more significant solar power projects and the recent acquisition of TGM, a steam turbine company. At the same time, the acquisition of the transformer operation in the US explains much of the growth in external markets. In Industrial Electro-Electronic Equipment, the global industrial investments growth combined with some commodities (oil and metals) prices recovery have contributed positively to the revenues growth, mainly in the external markets. In Motors for Domestic Use, there was a small retraction in revenue, reflecting the dynamics of consumption in Brazil and some specific impacts abroad. The Paint and Varnishes business area continued to benefit from the gradual recovery of Brazilian industry, its main consumer market.

In this quarter, revenue was positively impacted by average Brazilian Real/US dollar Exchange rate that went from R$ 3.22 in 2Q17 to R$ 3.59 in 2Q18, with a 11.6% depreciation of the Brazilian Real.

Net Operating Revenues by Market



(Figures in R$ Million)

The breakdown of Net Operating Revenue in 2Q18 by market was:

- Brazilian Market: R$ 1,318.9 million, representing 43% of revenues, up 35.6% vs. 2Q17 and up 16.9% vs. 1Q18. Disregarding the effects of the TGM acquisition, revenues would be up 31.8% vs. 2Q17 and up 16.1% vs. 1Q18;
- External Market: R$ 1,737.7 million, equivalent to 57% of revenues. We almost always set our sales prices in different markets in local currency amounts, according to local competitive conditions. In 2Q18 revenues in external markets were as follows:
  - Measured in Brazilian Reais: 32.8% above 2Q17 and 22.1% above 1Q18. Disregarding the effects of the WEG Transformers USA and TGM acquisitions, revenues would have been up by 22.1% vs. 2Q17 and up 20.7% vs. 1Q18.
  - Measured in the quarterly averaged US dollar: up 19.0% vs. 2Q17 and up 10.3% vs. 1Q18. Disregarding the effects of the WEG Transformers USA and TGM acquisitions, revenues would have been up 9.3% vs. 2Q17 and up 1.2% vs. 1Q18.
  - Measured in local currencies, weighted by the revenues in each Market and adjusted for the WEG Transformers USA and TGM acquisitions: a 8.9% increase vs. 2Q17.

Evolution of Net Revenue According to Geographic Market

Figures in R$ thousands

	Q2 2018	Q1 2018	%	Q2 2017	%
Net Operating Revenues	3,056,648	2,551,476	19.8%	2,280,769	34.0%
- Brazilian Market	1,318,922	1,128,571	16.9%	972,614	35.6%
- External Markets	1,737,726	1,422,905	22.1%	1,308,155	32.8%
- External Markets in US$	483,604	438,538	10.3%	406,346	19.0%

External Market – Distribution of Net Revenue According to Geographic Market

	Q2 2018	Q1 2018	%	Q2 2017	%
North America	42.5%	41.2%	1.3 pp	42.7%	-0.2 pp
South and Central America	12.7%	12.7%	0.0 pp	14.1%	-1.4 pp
Europe	26.0%	25.8%	0.2 pp	24.5%	1.5 pp
Africa	9.3%	8.8%	0.5 pp	8.5%	0.8 pp
Asia-Pacific	9.5%	11.5%	-2.0 pp	10.2%	-0.7 pp

Business Area

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

In Brazil, we observed consistency in sales of short cycle products, especially low voltage electric motors and serial automation equipment, which presented a small increase in sales in the quarterly comparison. The demand in Brazil was pulverized among customers of all segments, especially the manufacturers of smaller machines (OEMs).

Additionally, in this quarter we also observed small growth in revenue from long cycle equipment, especially in automation panels, justified by a more consistent order intake verified in the last quarter of 2017. Important industries such as mining and pulp & paper gradually begin to increase their investments. It is worth noting that for electric motors this trend is not observed in Brazil yet.

Abroad, revenue growth was predominantly in short-cycle products, especially in regions such as Europe, Asia and Africa, which posted significant revenue growth in the period. Capacity expansion projects and new plant construction, which also demand long-cycle products, continue to have good growth prospects, mainly in industries related to oil & gas, infrastructure and pulp & paper production.

Energy Generation, Transmission, and Distribution (GTD) – The solar generation business was the highlight in the GTD area, gaining share in 2017 with important solar farm projects added to backlog. The revenue of these projects is recognized according to POC (Percentage of Completion) methodology and started to be recognized in 4Q17, but with a more significant contribution in the first half of 2018. It is worth mentioning that this is a still-maturing business, although it has an attractive return on invested capital, it has structurally lower operating margins.

The performance in GTD also had a relevant contribution of the wind generation business and its backlog, and execution of those projects should extend until the end of 2018. As well as solar generation projects, we use POC methodology to recognize revenues of these projects. Especially in this quarter, due to the physical evolution of some projects, we had a higher concentration of revenue which positively impacted the performance of GTD compared to 2Q17.

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. It’s worth nothing that starting in March 2018 we began consolidating TGM, the steam turbines manufacturing operation, which contributed to revenue growth in this quarter.

In Transmission and Distribution (T&D), the transmission lines auctions held in the last years had a positive impact on our medium and long-term backlog. However, these orders will have no impact on 2018 revenues, which will continue to mainly reflect the sale of transformers to distribution utilities, as well as transformers and substations for both the industrial market and for renewable energy projects.

In external markets, revenue growth is mainly due to the consolidation of the new US transformer company, WEG Transformers USA. This acquisition complements our production platform in North America and offers significant synergies. The combination of large-scale vertical operations and the flexibility of having production units in markets such as Mexico, Colombia, South Africa, India and, of course, Brazil, opens up numerous opportunities for expansion abroad.

Motors for domestic use – In the domestic market revenues are flat compared to 2Q17 and 1Q18. Because of its short-cycle product characteristics, the dynamics of this business area closely related to the economy performance, mainly consumption, which was significantly impacted in the quarter, mainly due to the truck drivers' strike.

Outside Brazil, revenue declined, reflecting the accommodation of inventories in the world's major OEMs, mainly in the United States, a decrease in orders in the local market in China and weak performance of Argentina operation, which is suffering from the recent problems faced by the local economy.

Paints and Varnishes – Domestic market performance continues to reflect the industrial and consumer goods markets performances, which intensified during the recovery process in 2018. Reflecting the improvement in some segments, such as auto parts, agricultural implements and water utilities, as well as the normalization of preventive maintenance in important segments such as oil & gas, 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

	Q2 2018	Q1 2018		Q2 2017	
Electro-electronic Industrial Equipments	**54.5%**	**53.5%**	**1 pp**	**57.3%**	**-2.8 pp**
Domestic Market	15.1%	17.4%	-2.3 pp	17.8%	-2.7 pp
External Market	39.4%	36.1%	3.3 pp	39.5%	-0.1 pp
Energy Generation , Transmission and Distributi	**32.4%**	**31.5%**	**0.9 pp**	**25.3%**	**7.1 pp**
Domestic Market	20.8%	18.3%	2.5 pp	15.8%	5 pp
External Market	11.6%	13.2%	-1.6 pp	9.5%	2.1 pp
Electric Motors for Domestic Use	**8.8%**	**10.1%**	**-1.3 pp**	**12.5%**	**-3.7 pp**
Domestic Market	3.7%	4.4%	-0.7 pp	5.1%	-1.4 pp
External Market	5.1%	5.7%	-0.6 pp	7.4%	-2.3 pp
Paints and Varnishes	**3.8%**	**4.4%**	**-0.6 pp**	**4.6%**	**-0.8 pp**
Domestic Market	3.3%	3.8%	-0.5 pp	3.9%	-0.6 pp
External Market	0.5%	0.6%	-0.1 pp	0.7%	-0.2 pp

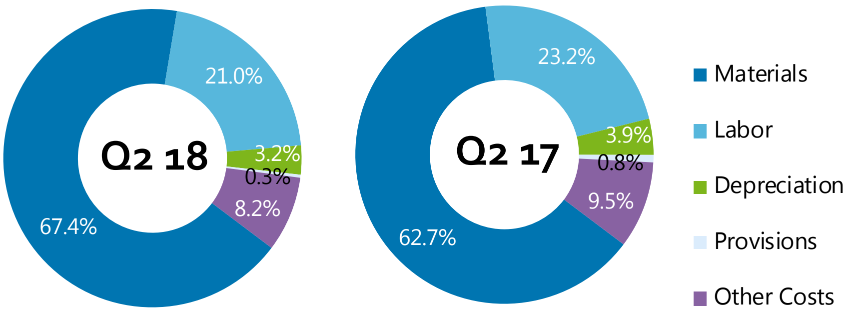
Cost of Goods Sold

The Cost of Goods Sold (COGS) totaled R$ 2,177.7 million in 2Q18, up 36.1% vs. 2Q17 and up 19.1% vs. 1Q18. Gross margin was 28.8%, 1.1 p.p. lower vs. 2Q17, and 0.4 p.p. higher vs. 1Q18.

The increase in costs and the consequent reduction in gross margin compared to 2Q17 is mainly due to the consolidation of the acquisition of WEG Transformers USA. The changes in the process that we are implementing should bring positive results throughout the year. Also, there is the effect of increased sales of solar generation projects, in which operating margins are structurally lower.

In 2Q18, the average price of copper in the spot market on the London Metal Exchange (LME) decreased 1.1% vs. 1Q18 and increased 21.4% vs. 2Q17, while the average price of steel increased 4.0% vs. 1Q18 and 21.8% vs. 2Q17. Despite the significant price increases of the main inputs, the hedging mechanisms we use have mitigated short-term margin impacts.

COGS Composition



Sales, General, and Administrative Expenses

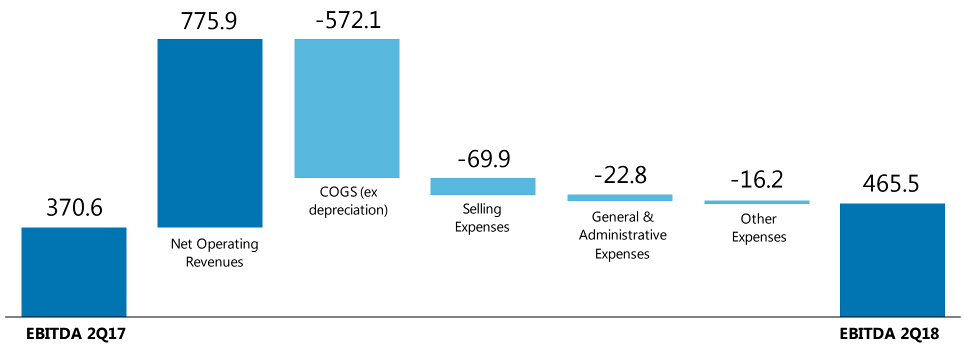
Consolidated sales, general, and administrative expenses (SG&A) totaled R$ 429.2 million in 2Q18, an increase of 27.8% vs. 2Q17 and of 15.3% vs. 1Q18. It is worth noting that some of these costs are for operations abroad and are also impacted by the recent depreciation of the Brazilian Real. When analyzed in relation to net operating revenue, these expenses accounted for 14.0%, down 0.7 p.p. vs. 2Q17 and down 0.6 p.p. vs. 1Q18. Revenue growth, combined with disciplined expense control, has increased operational efficiency, lessening the impact of increased participation of new businesses in sales.

EBITDA and EBITDA Margin

In 2Q18, EBITDA reached R$ 465.5 million, up 25.6% vs. 2Q17 and 22.6% vs. 1Q18. EBITDA margin was 15.2%, 1.0 p.p. lower vs. 2Q17 and 0.3 p.p. higher vs. 1Q18. EBITDA margin performance was within expectations, with small gain compared to 1Q18 but below over 2Q17 due to the impacts of the acquisition of WEG Transformers USA and the rapid growth of new businesses, such as solar generation. The new businesses are still maturing and have structurally lower operating margins.

	Q2 2018	Q1 2018	%	Q2 2017	%
Net Operating Revenues	3,056.6	2,551.5	19.8%	2,280.8	34.0%
Net Income before Minorities	339.0	288.1	17.7%	275.1	23.2%
Net Margin	11.1%	11.3%		12.1%	
(+) Income taxes & Contributions	43.2	46.1	-6.3%	35.1	23.2%
(+/-) Financial income (expenses)	6.5	-27.9	n.a.	-9.9	n.a.
(+) Depreciation & Amortization	76.8	73.4	4.6%	70.4	9.2%
EBITDA	465.5	379.7	22.6%	370.6	25.6%
EBITDA Margin	15.2%	14.9%		16.2%	

Figures in R$ Million



(Figures in R$ Million)

Net Financial Results

The net financial result in 2Q18 was negative R$ 6.5 million (vs. positive R$ 9.9 million in 2Q17 and positive R$ 27.9 million in 1Q18), the decrease in the quarterly comparison is mainly due to the lower interest rates received on our cash position.

Income Tax

The provision for Income Tax and Social Contribution on Net Profit in 2Q18 totaled R$ 71.7 million (vs. R$ 56.7 million and R$ 28.0 million in 2Q17 and 1Q18, respectively). Additionally, we credited R$ 28.5 million as Deferred Income Tax/Social Contribution in 2Q18 (vs. a credit of R$ 21.7 million in 2Q17 and debit of R$ 18.1 million in 1Q18).

Net Income

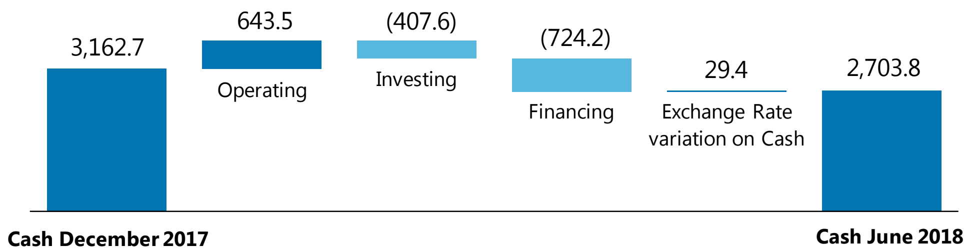
Net Income in 2Q18 was R$ 336.6 million, an increase of 23.7% vs. 2Q17 and an increase of 18.1% vs. 1Q18. Net margin reached 11.0%, 0.9 p.p. lower than 2Q17 and 0.2 p.p. lower than 1Q18.

Cash Flow

Cash generation in operating activities in the first half was R$ 643.5 million, an increase of 3.2% vs 1H17, as a result of better operating performance.

The level of investment in modernization and expansion of production capacity showed a small growth compared to 2017, in line with the approved capital budget at the beginning of the year. The most significant growth in the disbursement of investment activities, which totaled R$ 407.6 million in the first half, is mainly due to the recent acquisition of TGM and the movement of long-term financial investments.

In the financing activities, we raised R$ 654.3 million and made amortizations of R$ 983.1 million, resulting in net amortization of R$ 328.8 million. Interest on loans consumed R$ 106.6 million while payments to equity holders (dividends and interest on capital) totaled R$ 290.0 million. The final result was consumption of R$ 724.2 million in financing activities in the semester.



(Figures in R$ Million)

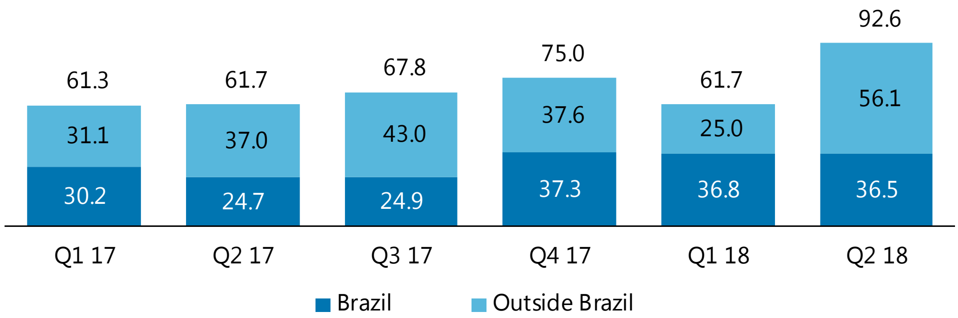
We point out that the chart above shows the cash and cash equivalents positions classified as current assets. Also, we have R$ 1,941.3 million in financial investments with no immediate liquidity (R$ 1,593.2 million in December 2017).

Return on Invested Capital

The Return on Invested Capital (ROIC) in 2Q18 (accumulated in the last 12 months) showed significant expansion of 1.6 p.p. over 2Q17, reaching 16.8%. Growth of Net Operating Profit After Taxes (NOPAT), due to revenue growth and expense control, more than offset the growth in capital employed, which expanded due to a greater need for working capital and investments in fixed and intangible assets over the last 12 months.

Investments

In the first half of 2018, we invested R$ 154.4 million in modernization and expansion of production capacity, machinery and equipment, and software licenses, 47% of which are for production units in Brazil and 53% for industrial parks and other facilities abroad. Considering the consolidation of fixed assets related to TGM acquisition the total investment in the first half of 2018 was R$ 239.4 million.



(Figures in R$ Million)

Expenditures on research, development, and innovation activities totaled R$156.1 million, representing 2.8% of net operating revenue in 1H18.

Debt and Cash Position

As of June 30, 2018, cash, cash equivalents, and financial investments totaled R$ 4,645.1 million and were invested in first-tier banks and denominated in Brazilian currency. Gross financial debt totaled R$ 4,199.0 million, of which 48% was in short-term operations and 52% in long-term operations. Net cash totaled R$ 446.1 million.

	June 2018		December 2017		June 2017	
Cash & Financial instruments	**4,645,082**		**4,755,885**		**5,262,505**	
- Current	4,264,056		4,585,606		5,075,260	
- Long Term	381,026		170,279		187,245	
Debt	**4,198,958**	**100%**	**4,110,082**	**100%**	**4,725,915**	**100%**
- Current	2,020,773	48%	2,027,375	49%	1,681,108	36%
- In Brazilian Reais	491,033		1,300,232		991,418	
- In other currencies	1,529,740		727,143		689,690	
- Long Term	2,178,185	52%	2,082,707	51%	3,044,807	64%
- In Brazilian Reais	432,416		457,386		1,580,767	
- In other currencies	1,745,769		1,625,321		1,464,040	
Net Cash (Debt)	**446,124**		**645,803**		**536,590**	

(Figures in R$ thousands)

The characteristics of our indebtedness at the end of June were:

- The total duration of 22.4 months, with a duration of 37.5 months in the long term. In December 2017, these figures were 20.0 months and 32.3 months, respectively.
- The weighted average cost of debt denominated in Reais is approximately 7.1% pa (vs. 8.3% in December 2017). The post-fixed contracts are indexed mainly to the Brazilian long-term interest rate (TJLP).

Dividends and Interest on Stockholders' Equity

For the first half of 2018, the Board of Directors approved, ad referendum of a future Annual Shareholders Meeting, the following events regarding dividends:

- On March 20, as interest on stockholders' equity (JCP), to the gross amount of R$ 84.6 million
- On June 26, as interest on stockholders' equity (JCP), to the gross amount of R$ 82.2 million

In addition, on July 17, the Board of Directors approved intermediate dividends related to the net income for the first half of 2018, to the total amount of R$ 172.8 million. The proceeds will be paid on August 15, 2018. Amounts declared as remuneration to shareholders in the first half represented 54.6% of net income for the period.

	1st Half 2018	1st Half 2017	%
Dividends	172.8	85.5	102.1%
Interest on Stockholders' Equity	166.8	203.0	-17.8%
Gross Total	**339.6**	**288.5**	**17.7%**
Net Earnings	**621.6**	**529.9**	**17.3%**
Total Dividends / Net Earnings	**54.6%**	**54.5%**	

Our practice is to declare interest on capital quarterly and dividends based on the profit obtained each half year, that is, six proceeds each year, paid semi-annually.

Capital increase with shares

The Ordinary and Extraordinary Shareholders' Meeting, held on April 24, 2018, approved the Company's capital increase, in the amount of R$ 1,970,543,940.00, increasing it from R$ 3,533,972,568.00 to R$ 5,504,516,508.00, with a 30% stock bonus (three new ordinary shares for each 10 ordinary shares held).

The shareholders registered in the Company's book on April 24, 2018 were benefited. The bonus shares were included in the shareholders' positions on April 27, 2018, and they were available on April 28, 2018.

After a period in which shareholders could, if they wished to, transfer fractions of shares resulting from the stock bonus, these fractions were grouped and sold at auction on June 15, 2018, at B3 S.A. – Brasil, Bolsa, Balcão. In this auction, were sold 3,030 ordinary shares, without par value. The values obtained with the sale of shares in the auction at the average price of R$ 15.781188119 per share were paid to shareholders, on June 27, 2018.

Results Conference Call

On July 19, 2018 (Thursday), WEG will hold a teleconference in Portuguese, with simultaneous translation into English, also available on the via Internet webcast, at the following times:

11:00 – Brazilian time

10:00 – New York (EDT)

15:00 – London (BST)

New:

Link to pre-registration (avoid queuing on the conference call)

- Conference call in Portuguese: register here
- Conference call in English: register here

Connecting phone numbers:

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

Dial–in for connections in the United States: +1 646 828-8246

Toll-free for connections in the United States: +1 800 492-3904

Code: WEG

Access to the Webcasting:

Slides and original audio in Portuguese: www.choruscall.com.br/weg/2t18.htm

Slides and simultaneous translation in English: www.choruscall.com.br/weg/2q18.htm

The presentation will also be available on our Investor Relations website (https://ir.weg.net). Please call approximately 10 minutes before the conference all time.

Business areas

Industrial Electro-Electronic Equipment

The area of industrial electrical and electronic equipment includes low- and medium-voltage electric motors, drives & controls, industrial automation equipment, and maintenance services. The electric motors and other equipment have applications in almost all industrial segments, including in equipment such as compressors, pumps, and fans. We compete with our products and solutions in virtually every major world market.

Energy Generation, Transmission, and Distribution (GTD)

Products and services in this area include electric generators for hydroelectric and thermal plants (biomass), hydraulic turbines (PCH's), steam turbines, wind turbines, transformers, substations, control panels, and systems integration services. In the area of GTD in general, and specifically in power generation, the maturity times of investments are longer, with slower investment decisions and longer design and manufacturing lead times.

Motors for Domestic Use

Our focus in this area has traditionally been the Brazilian market, where we have significant participation in the single-phase motors for durable consumer goods market, which includes washing machines, air conditioners, water pumps, and others. In recent years, we started the internationalization of this business area, offering a complete portfolio of products to serve our global customers. In this short-cycle business, changes in consumer demand transfer quickly to the industry, with almost immediate impacts on production and revenue.

Paints and Varnishes

In this area of operation, which includes liquid paints, powder paints, and electro-insulating varnishes, we have a very clear focus on industrial applications and the Brazilian market, expanding to Latin America. Our strategy in this area is to cross-sell to customers in other areas. Target markets range from white goods manufacturers to the shipbuilding industry. We seek to maximize the scale of production and the effort to develop new products and new segments.

The statements contained in this report relating to WEG's business prospects, projections, and results and the Company's growth potential are mere forecasts, based on management's expectations regarding the future of WEG. These expectations are highly dependent on changes in the market, overall national economic performance, sector performance, and international markets, and may change.

Annex I

Consolidated Income Statement - Quarterly

Figures in R$ Thousands

	2nd Quarter 2018		1st Quarter 2018		2nd Quarter 2017		Changes %	
	R$	VA%	R$	VA%	R$	VA%	Q2 2018 / Q1 2018	Q2 2018 / Q2 2017
Net Operating Revenues	**3,056,648**	100%	2,551,476	100%	2,280,769	100%	19.8%	34.0%
Cost of Goods Sold	**(2,177,665)**	-71%	(1,827,877)	-72%	(1,599,657)	-70%	19.1%	36.1%
Gross Profit	**878,983**	29%	723,599	28%	681,112	30%	21.5%	29.1%
Sales Expenses	**(284,127)**	-9%	(242,599)	-10%	(214,260)	-9%	17.1%	32.6%
Administrative Expenses	**(145,026)**	-5%	(129,450)	-5%	(121,671)	-5%	12.0%	19.2%
Financial Revenues	**140,758**	5%	238,391	9%	254,408	11%	-41.0%	-44.7%
Financial Expenses	**(147,229)**	-5%	(210,456)	-8%	(244,463)	-11%	-30.0%	-39.8%
Other Operating Income	**9,405**	0%	3,371	0%	10,425	0%	179.0%	-9.8%
Other Operating Expenses	**(70,525)**	-2%	(48,916)	-2%	(55,388)	-2%	44.2%	27.3%
Equity accounting	**-**	0%	293	0%	-	0%	-	-
EARNINGS BEFORE TAXES	**382,239**	13%	334,233	13%	310,163	14%	14.4%	23.2%
Income Taxes & Contributions	**(71,684)**	-2%	(28,014)	-1%	(56,736)	-2%	155.9%	26.3%
Deferred Taxes	**28,485**	1%	(18,075)	-1%	21,679	1%	n.m	31.4%
Minorities	**2,435**	0%	3,140	0%	2,940	0%	-22.5%	-17.2%
NET EARNINGS	**336,605**	11%	285,004	11%	272,166	12%	18.1%	23.7%
EBITDA	**465,515**	15.2%	379,710	14.9%	370,576	16.2%	22.6%	25.6%
EPS (adjusted for splits)	**0.16052**		0.13589		0.12976		18.1%	23.7%

Annex II

Consolidated Income Statement

Figures in R$ Thousands

	6 Months 2018		6 Months 2017		%
	R$	VA%	R$	VA%	2018 / 2017
Net Operating Revenues	5,608,124	100%	4,414,998	100%	27%
Cost of Goods Sold	(4,005,542)	-71%	(3,096,534)	-70%	29%
Gross Profit	1,602,582	29%	1,318,464	30%	22%
Sales Expenses	(526,726)	-9%	(418,617)	-9%	26%
Administrative Expenses	(274,476)	-5%	(235,702)	-5%	16%
Financial Revenues	379,149	7%	436,557	10%	-13%
Financial Expenses	(357,685)	-6%	(398,603)	-9%	-10%
Other Operating Income	12,776	0%	12,503	0%	2%
Other Operating Expenses	(119,441)	-2%	(114,422)	-3%	4%
EARNINGS BEFORE TAXES	716,472	13%	600,180	14%	19%
Income Taxes & Contributions	(99,698)	-2%	(89,720)	-2%	11%
Deferred Taxes	10,410	0%	21,188	0%	-51%
Minorities	5,575	0%	1,779	0%	213%
NET EARNINGS	621,609	11%	529,869	12%	17%
EBITDA	845,225	15.1%	701,571	15.9%	20%
EPS (adjusted for splits)	0.29641		0.25263		17%

Annex III

Consolidated Balance Sheet

Figures in R$ Thousands

	June 2018 (A)		December 2017 (B)		June 2017 (C)			
	R$	%	R$	%	R$	%	(A)/(B)	(A)/(C)
CURRENT ASSETS	**9,968,378**	**64%**	**9,415,667**	**67%**	**9,682,775**	**68%**	**6%**	**3%**
Cash & cash equivalents	4,257,196	27%	4,573,731	33%	5,070,060	36%	-7%	-16%
Receivables	2,589,700	17%	2,242,613	16%	2,239,477	16%	15%	16%
Inventories	2,328,357	15%	1,852,266	13%	1,754,780	12%	26%	33%
Other current assets	793,125	5%	747,057	5%	618,458	4%	6%	28%
LONG TERM ASSETS	**791,825**	**5%**	**443,844**	**3%**	**438,946**	**3%**	**78%**	**80%**
Deferred taxes	174,450	1%	148,284	1%	145,110	1%	18%	20%
Other non-current assets	617,375	4%	295,560	2%	293,836	2%	109%	110%
FIXED ASSETS	**4,771,960**	**31%**	**4,180,139**	**30%**	**4,103,157**	**29%**	**14%**	**16%**
Investment in Subs	17,013	0%	268	0%	225	0%	6248%	7461%
Property, Plant & Equipment	3,406,149	22%	3,160,111	23%	3,104,803	22%	8%	10%
Intangibles	1,348,798	9%	1,019,760	7%	998,129	7%	32%	35%
TOTAL ASSETS	**15,532,163**	**100%**	**14,039,650**	**100%**	**14,224,878**	**100%**	**11%**	**9%**
CURRENT LIABILITIES	**4,953,204**	**32%**	**4,326,788**	**31%**	**3,939,327**	**28%**	**14%**	**26%**
Social and Labor Liabilities	330,444	2%	211,062	2%	301,495	2%	57%	10%
Suppliers	973,788	6%	750,533	5%	640,286	5%	30%	52%
Fiscal and Tax Liabilities	141,475	1%	102,944	1%	129,302	1%	37%	9%
Short Term Debt	1,988,080	13%	2,014,530	14%	1,651,218	12%	-1%	20%
Dividends Payable	144,820	1%	160,892	1%	175,471	1%	-10%	-17%
Advances from Clients	544,865	4%	429,258	3%	479,093	3%	27%	14%
Profit Sharring	107,363	1%	138,788	1%	94,578	1%	-23%	14%
Derivatives	32,693	0%	12,845	0%	29,890	0%	155%	9%
Other Short Term Liabilities	689,676	4%	505,936	4%	437,994	3%	36%	57%
LONG TERM LIABILITIES	**2,965,058**	**19%**	**2,815,892**	**20%**	**3,777,533**	**27%**	**5%**	**-22%**
Long Term Debt	2,169,171	14%	2,041,912	15%	3,001,046	21%	6%	-28%
Other Long Term Liabilities	156,633	1%	150,390	1%	137,988	1%	4%	14%
Deferred Taxes	97,613	1%	116,629	1%	150,370	1%	-16%	-35%
Contingencies Provisions	541,641	3%	506,961	4%	488,129	3%	7%	11%
MINORITIES	**140,218**	**1%**	**122,381**	**1%**	**116,518**	**1%**	**15%**	**20%**
STOCKHOLDERS' EQUITY	**7,473,683**	**48%**	**6,774,589**	**48%**	**6,391,500**	**45%**	**10%**	**17%**
TOTAL LIABILITIES	**15,532,163**	**100%**	**14,039,650**	**100%**	**14,224,878**	**100%**	**11%**	**9%**

Annex IV

Consolidated Cash Flow Statement

Figures in R$ Thousands

	6 Months 2018	6 Months 2017
Operating Activities		
Net Earnings before Taxes	716,472	600,180
Depreciation and Amortization	150,217	139,345
Equity accounting	(293)	-
Provisions:	232,457	296,376
Changes in Assets & Liabilities	(455,376)	(412,657)
(Increase) / Reduction of Accounts Receivable	(220,803)	(3,428)
Increase / (Reduction) of Accounts Payable	266,335	(60,474)
(Increase) / Reduction of Investories	(292,414)	(139,795)
Income Tax and Social Contribution on Net Earnings	(78,248)	(82,488)
Profit Sharing Paid	(130,246)	(126,472)
Cash Flow from Operating Activities	**643,477**	**623,244**
Investment Activities		
Fixed Assets	(139,397)	(114,077)
Intagible Assets	(14,984)	(8,892)
Aquisition of Subsidiaries	(128,567)	(4,050)
Cash Aquired from Subsidiaries	12,432	-
Financial investments held to maturity	(127,439)	-
Rescue of financial investments	71,721	31,857
Income on financial investments	(86,661)	(93,154)
Write-off of fixed assets	5,307	4,486
Cash Flow From Investment Activities	**(407,588)**	**(183,830)**
Financing Activities		
Working Capital Financing	654,271	508,940
Long Term Financing	(983,109)	(233,994)
Interest paid on loans and financing	(106,596)	(184,365)
Treasury Shares	1,309	(7,391)
Dividends & Intesrest on Stockholders Equity Paid	(290,048)	(291,789)
Cash Flow From Financing Activities	**(724,173)**	**(208,599)**
Changes in Cash and Equivalents caused by FX Changes	**29,370**	**13,999**
Change in Cash Position	**(458,914)**	**244,814**
Cash & Cash Equivalents		
Beginning of Period	3,162,685	3,390,662
End of Period	2,703,771	3,635,476