Conference Call
3Q18

Consistent Revenues Growth and Return on Invested Capital in Expansion







Disclaimer

This is a support document for the WEG S.A. 2018 third quarter results conference call.

Any forecasts contained in this document or statements that may eventually 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 is 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 in 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.

Standards and criteria applied in the preparation of information

The financial statements presented in this document has been prepared in accordance with IFRS (International Financial Reporting Standards). The financial information relating to WEG correspond to the company's consolidation information.

In addition, the financial and operating information included in this results discussion are subject to rounding adjustments and, as a result, the total value presented in the tables and graphs may differ from the direct figures that precede them.

The information denominated EBITDA – Earnings Before Interest, Taxes on Income and Social Contribution on Net Income, Depreciation, and Amortization; EBIT – Earnings Before Interest and Income Taxes and Social Contribution on Net Income are presented in accordance with Instruction No.527 issued by CVM on October 4, 2012.

Highlights
Third Quarter
2018

01

Significant revenue growth reflecting consistency of sales abroad and new business

Net Operating Revenue were **R$ 3,237.3 million**, **32.9%** higher than 3Q17 and **5.9%** higher than 2Q18;

02

EBITDA expansion despite still impacted by acquisition abroad, new business and raw material costs

EBITDA reached **R$ 489.0 million**, with margin of 15.1%, **25.9%** higher than 3Q17 and **5.0%** higher than 2Q18;

Net Income of **R$ 381.4 million**, with net margin of 11.8%, **22.2%** higher than 3Q17 and **13.3%** higher than 2Q18.

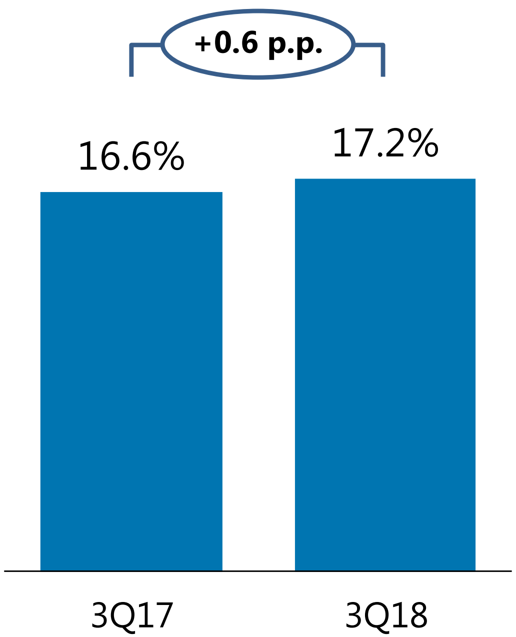
03

ROIC in expansion, reflecting better operational performance and discipline in capital use

Operating Cash Generation of **R$ 910.3 million** in 9M18.

ROIC reached **17.2%** in 3Q18 (last 12 months), expansion of 0.6 p.p. over 3Q17.

Return on invested capital (ROIC)



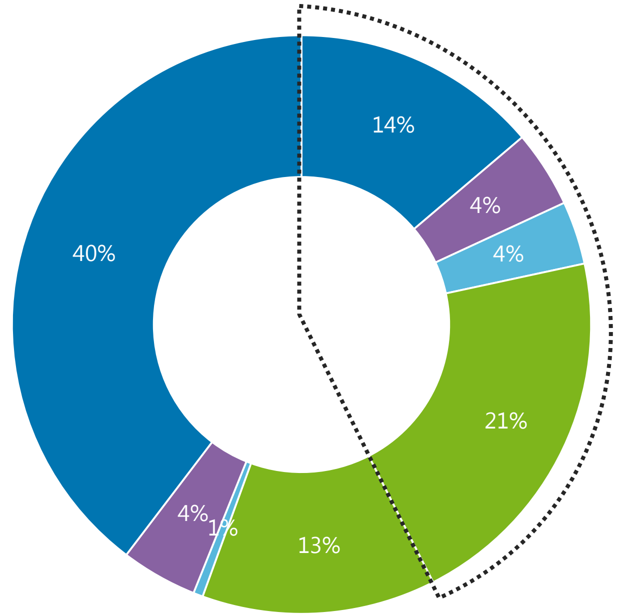
Net Operating Profit After Taxes	⇧	**+21.0%**
Invested Capital	⇧	**+16.9%**

ROIC Formula

$$\frac{\text{NOPAT}^{1}}{\text{Invested Capital}^{2}\text{ (Equity + net debt + provisions (net judicial deposits) + dividends payable)}}$$

[1]Figures from Income Statement, accumulating last 12 months.
[2]Figures from Balance Sheet, obtained by the average of last 4 quarters.

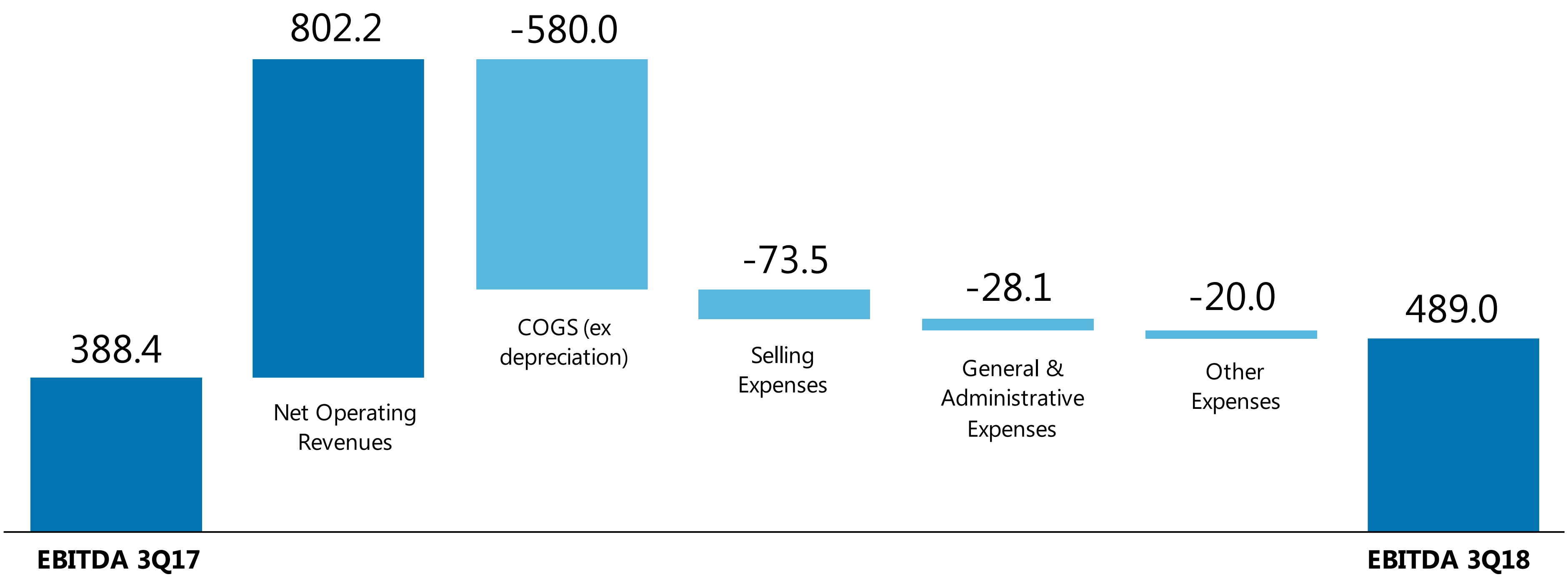
3Q18 Business area performance



Δ% 3Q18 / 3Q17	Industrial Electro-Electronic Equipment	Energy Generation, Transmission, and Distribution (GTD)	Motors for domestic use	Paints and Varnishes
Net Revenue	**+24%**	**+72%**	**-4%**	**+14%**
Domestic Market	+3%	+97%	+4%	+17%
External Market	+34%	+43%	-12%	-4%

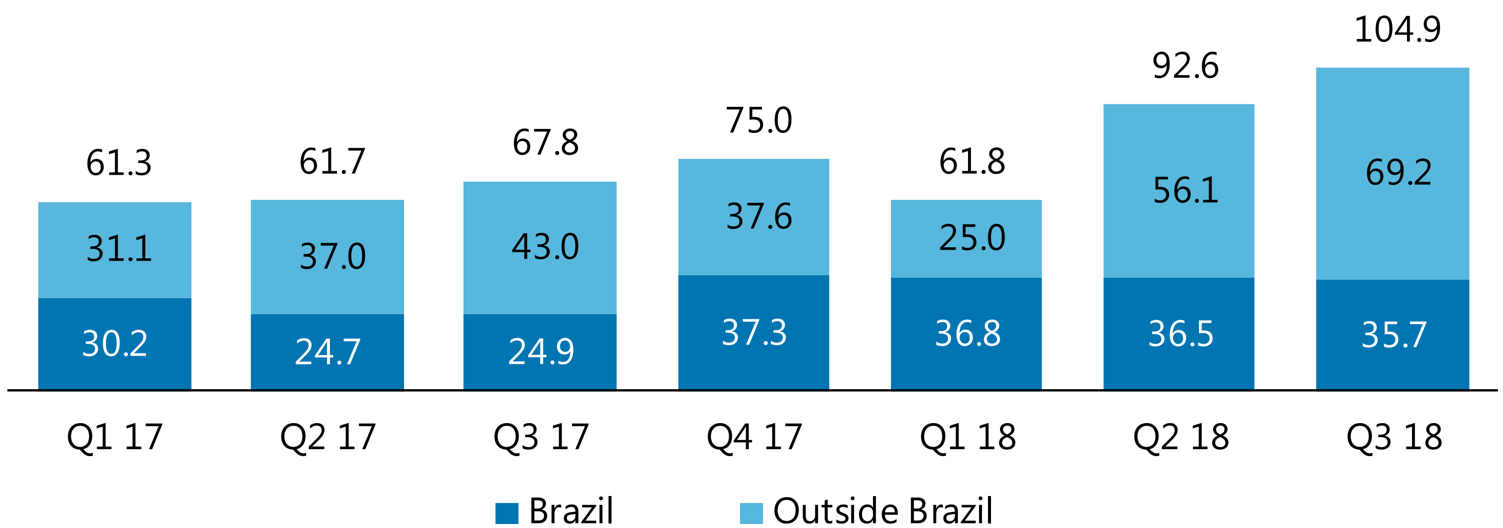
Main impacts on EBITDA

In R$ million



Capex Program
Quarterly Evolution

In R$ million



Outlook 2018

Continued revenue growth and ROIC attractiveness

- Global investment, recent acquisitions and new businesses are expected to boost revenue growth
- ROIC continues to be company's main driver

Consistency of sales abroad, new business and acquisitions contributing positively to the performance in Brazil

- The improvement in order intake in short-cycle products continues, especially in OEMs
- Projects that require long-cycle equipment show improvement abroad, but are not consistently observed in Brazil
- The entry into the solar generation business and the acquisition of TGM should contribute to the GTD's revenue growth in 2018

Short-term trends should be monitored

- Recent acquisition and new business, with lower operating margin, should continue to impact profitability
- Short-term FX volatility may affect the profitability of long-cycle projects
- Better mix and gradual recovery in economic activity can benefit margins in the medium term

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