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**Company information/Composition of capital**

<b>Number for shares (Units)</b>	<b>Current quarter 06/30/2019</b>
<b>Paid-in capital</b>	
Common shares	2,098,658,999
Preferred shares	0
Total	2,098,658,999
<b>Treasury shares</b>	
Common shares	1,223,905
Preferred shares	0
Total	1,223,905

**Company information/Cash dividends**

<b>Event</b>	<b>Approval</b>	<b>Type</b>	<b>Date of payment</b>	<b>Type of share</b>	<b>Class of share</b>	<b>Amount per share - (Reais/share)</b>
Board of Directors' Meeting	03/19/2019	Interest on capital	08/14/2019	Ordinary		0.03945
Board of Directors' Meeting	06/25/2019	Interest on capital	08/14/2019	Ordinary		0.03645

**Individual Financial Statements/Balance Sheet - Assets**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
1	Total assets	<b>8,209,353</b>	<b>7,896,734</b>
1.01	Current assets	<b>1,310,142</b>	<b>1,347,044</b>
1.01.01	Cash and cash equivalents	<b>264,035</b>	<b>200,693</b>
1.01.01.01	Cash and banks	5	8
1.01.01.02	Short-term investments	264,030	200,685
1.01.02	Short-term investments	857,931	978,627
1.01.06	Taxes recoverable	<b>23,996</b>	<b>17,083</b>
1.01.06.01	Current taxes recoverable	23,996	17,083
1.01.08	Other current assets	<b>164,180</b>	<b>150,641</b>
1.01.08.03	Others	164,180	<b>150,641</b>
1.01.08.03.01	Dividend	<b>16,008</b>	-
1.01.08.03.02	Interest on capital	147,644	150,114
1.01.08.03.03	Others	528	527
1.02	Noncurrent assets	<b>6,899,211</b>	<b>6,549,690</b>
1.02.01	Long-term receivables	<b>8,744</b>	<b>7,994</b>
1.02.01.07	Deferred taxes	<b>4,081</b>	<b>3,322</b>
1.02.01.07.01	Deferred income tax and social contribution	4,081	3,322
1.02.01.09	Receivables from related parties	<b>6</b>	<b>15</b>
1.02.01.09.02	Receivables from subsidiaries	6	15
1.02.01.10	Other noncurrent assets	<b>4,657</b>	<b>4,657</b>
1.02.01.10.03	Judicial deposits	4,657	4,657
1.02.02	Investments	<b>6,886,205</b>	<b>6,537,391</b>
1.02.02.01	Equity interests	<b>6,886,205</b>	<b>6,537,391</b>
1.02.02.01.02	Interest in subsidiaries	6,886,205	6,537,391
1.02.03	Property, plant and equipment	<b>4,262</b>	<b>4,305</b>
1.02.03.01	Property, plant and equipment in operation	4,262	4,305

**Individual Financial Statements/Balance Sheet - Liabilities and Equity**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
2	Total liabilities	<b>8,209,353</b>	<b>7,896,734</b>
2.01	Current liabilities	<b>186,723</b>	<b>177,730</b>
2.01.01	Social and labor obligations	<b>8,392</b>	<b>9,966</b>
2.01.01.01	Social obligations	8,392	9,966
2.01.03	Tax obligations	<b>13,422</b>	<b>181</b>
2.01.03.01	Federal tax obligations	<b>13,422</b>	<b>181</b>
2.01.03.01.01	Income tax and social contribution payable	29	78
2.01.03.01.02	Other tax obligations	13,393	103
2.01.05	Other obligations	<b>164,909</b>	<b>167,583</b>
2.01.05.02	Others	<b>164,909</b>	<b>167,583</b>
2.01.05.02.01	Dividends and interest on capital payable	162,448	165,016
2.01.05.02.04	Others	2,461	2,567
2.02	Noncurrent liabilities	<b>4,730</b>	<b>4,730</b>
2.02.04	Provisions	4,730	4,730
2.03	Equity	<b>8,017,900</b>	<b>7,714,274</b>
2.03.01	Paid-in capital	<b>5,504,517</b>	<b>5,504,517</b>
2.03.02	Capital reserves	<b>(103,110)</b>	(87,102)
2.03.02.04	Options granted	10,057	9,615
2.03.02.05	Treasury shares	(12,499)	(15,261)
2.03.02.07	Premium on capital transaction	(100,668)	(81,456)
2.03.03	Revaluation reserves	3,630	3,630
2.03.04	Earnings reserves	<b>1,146,143</b>	1,133,122
2.03.04.01	Legal reserve	66,916	66,916
2.03.04.02	Statutory reserve	892,339	892,339
2.03.04.08	Additional dividend proposed	186,888	173,867
2.03.05	Retained earnings/accumulated losses	335,588	-
2.03.06	Carrying value adjustments	<b>368,933</b>	380,781
2.03.06.01	Deemed cost	368,933	380,781
2.03.08	Other comprehensive income	<b>762,199</b>	779,326
2.03.08.01	Derivative financial instruments	(4,570)	(18,657)
2.03.08.02	Cumulative translation adjustments	766,769	797,983

## Individual Financial Statements/Income Statements

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 04/01/2019 to 06/30/2019</b>	<b>YTD current year 01/01/2019 to 06/30/2019</b>	<b>Prior Quarter 04/01/2019 to 06/30/2019</b>	<b>YTD prior year 01/01/2018 to 06/30/2018</b>
3.04	Operating income/expenses	<b>379,625</b>	<b>677,503</b>	<b>324,896</b>	<b>598,950</b>
3.04.02	General and administrative expenses	<b>(1,422)</b>	<b>(2,665)</b>	<b>(1,154)</b>	<b>(2,478)</b>
3.04.02.01	Management fees	(678)	(1,358)	(645)	(1,251)
3.04.02.02	Other administrative expenses	(744)	(1,307)	(509)	(1,227)
3.04.05	Other operating expenses	<b>(2,418)</b>	<b>(2,945)</b>	<b>(2,557)</b>	<b>(4,121)</b>
3.04.06	Share of profit or loss of investees	<b>383,465</b>	<b>683,113</b>	<b>329,607</b>	<b>605,549</b>
3.05	Profit before finance income (costs) and taxes	<b>379,625</b>	<b>677,503</b>	<b>325,896</b>	<b>598,950</b>
3.06	Finance income (costs)	<b>9,028</b>	<b>17,744</b>	<b>10,327</b>	<b>22,209</b>
3.06.01	Finance income	9,201	18,071	10,404	22,371
3.06.02	Finance costs	(173)	(327)	(77)	(162)
3.07	Profit before taxes on income	<b>388,653</b>	<b>695,247</b>	336,223	621,159
3.08	Income tax and social contribution	<b>349</b>	<b>604</b>	<b>382</b>	<b>450</b>
3.08.01	Current	(111)	(155)	(89)	(208)
3.08.02	Deferred	460	759	471	658
3.09	Profit for the period from continuing operations	<b>389,002</b>	<b>695,851</b>	<b>336,605</b>	<b>621,609</b>
3.11	Profit/loss for the period	<b>389,002</b>	<b>695,851</b>	<b>336,605</b>	<b>621,609</b>
3.99	Earnings per share – (real/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares	0.18546	0.33177	0.16052	0.29641
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares	0.18536	0.33156	0.16041	0.29622

**Individual Financial Statements/Statement of Comprehensive Income**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 04/01/2019 to 06/30/2019</b>	<b>YTD current year 01/01/2019 to 06/30/2019</b>	<b>Prior Quarter 04/01/2019 to 06/30/2019</b>	<b>YTD prior year 01/01/2018 to 06/30/2018</b>
4.01	Profit for the period	<b>389,002</b>	<b>695,851</b>	<b>336,605</b>	<b>621,609</b>
4.02	Other comprehensive income	<b>(62,381)</b>	<b>(15,130)</b>	<b>316,844</b>	<b>367,896</b>
4.02.01	Cumulative translation adjustments	(67,639)	(29,217)	306,512	393,991
4.02.02	Hedge Accounting	5,258	14,087	10,332	(26,095)
4.03	Total comprehensive income for the period	<b>326,621</b>	<b>680,721</b>	<b>653,449</b>	<b>989,505</b>

## Individual Financial Statements/Cash Flow Statement

(R\$ in thousands)

Code	Description	YTD current year 01/01/2019 to 06/30/2019	YTD prior year 01/01/2018 to 06/30/2018
6.01	Net cash from operating activities	(5,893)	(889)
6.01.01	Cash from operations	(9,746)	5,458
6.01.01.01	Profit before taxes	695,247	621,159
6.01.01.02	Depreciation and amortization	43	44
6.01.01.03	Share of profit or loss of investees	(683,113)	(605,549)
6.01.01.04	Stock option plan expenses	1,195	2,663
6.01.01.06	Income from financial investments	(23,118)	(12,859)
6.01.02	Changes in assets and liabilities	3,853	(6,347)
6.01.02.01	(Increase)/decrease in trade receivables	(7,040)	(17,685)
6.01.02.02	Increase/(decrease) in trade payables	11,097	11,569
6.01.02.03	Income tax and social contribution paid	(204)	(231)
6.02	Net cash from investing activities	401,910	113,300
6.02.01	Dividends and interest on capital received	258,096	210,739
6.02.04	Held-to-maturity financial investments	(67,617)	(97,439)
6.02.05	Income from financial investments	211,431	-
6.03	Net cash from investing activities	(332,675)	(288,580)
6.03.01	Dividends and interest on capital paid	(335,437)	(289,889)
6.03.02	Treasury shares	2,762	1,309
6.05	Increase (decrease) in cash and cash equivalents	63,342	(176,169)
6.05.01	Cash and cash equivalents at the beginning of the period	200,693	798,191
6.05.02	Cash and cash equivalents at the end of the period	264,035	622,022



## Individual Financial Statements /Statements of Changes in Equity - 01/01/2019 to 06/30/2019

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274
5.03	Adjusted opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274
5.04	Capital transactions with shareholders	-	(16,008)	-	(187,798)	-	(203,806)
5.04.03	Options granted recognized	-	442	-	(514)	-	(72)
5.04.05	Treasury shares sold	-	5,051	-	-	-	5,051
5.04.07	Interest on capital	-	-	-	(187,284)	-	(187,284)
5.04.08	Capital transactions	-	(21,501)	-	-	-	(21,501)
5.05	Total comprehensive income	-	-	-	709,696	(28,975)	680,721
5.05.01	Profit for the period	-	-	-	695,851	-	695,851
5.05.02	Other comprehensive income	-	-	-	13,845	(28,975)	(15,130)
5.05.02.04	Translation adjustments for the period	-	-	-	-	(29,217)	(29,217)
5.05.02.06	Hedge Accounting	-	-	-	-	14,087	14,087
5.05.02.07	Realization of deemed cost	-	-	-	13,845	(13,845)	-
5.05.02.08	Realization of Deemed Cost	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	(173,289)	-	(173,289)
5.06.04	Payment of dividends	-	-	-	(173,867)	-	(173,867)
5.06.05	Expired dividends	-	-	-	578	-	578
5.07	Closing balances	5,504,517	(99,480)	959,255	522,476	1,131,132	8,017,900

## Individual Financial Statements /Statements of Changes in Equity - 01/01/2018 to 06/30/2018

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	3,533,973	(88,367)	2,269,436	132,455	868,584	6,716,081
5.03	Adjusted opening balances	3,533,973	(88,367)	2,269,436	132,455	868,584	6,716,081
5.04	Capital transactions with shareholders	1,970,544	(783)	(1,970,544)	(167,209)	-	(167,992)
5.04.01	Capital increases	1,970,544	-	(1,970,544)	-	-	-
5.04.03	Options granted recognized	-	2,210	-	(416)	-	1,794
5.04.05	Treasury shares sold	-	2,217	-	-	-	2,217
5.04.07	Interest on capital	-	-	-	(166,793)	-	(166,793)
5.04.08	Capital transactions	-	(5,210)	-	-	-	(5,210)
5.05	Total comprehensive income	-	-	-	631,172	358,333	989,505
5.05.01	Profit for the period	-	-	-	621,609	-	621,609
5.05.02	Other comprehensive income	-	-	-	9,563	358,333	367,896
5.05.02.04	Translation adjustments for the period	-	-	-	-	393,991	393,991
5.05.02.06	Hedge Accounting	-	-	-	-	(26,095)	(26,095)
5.05.02.07	Realization of deemed cost	-	-	-	9,563	(9,563)	-
5.06	Internal changes in equity	-	-	-	(132,028)	-	(132,028)
5.06.04	Payment of dividends	-	-	-	(132,455)	-	(132,455)
5.06.05	Expired dividends	-	-	-	427	-	427
5.07	Closing balances	5,504,517	(89,150)	298,892	464,390	1,226,917	7,405,566

**Individual Financial Statements/ Statements of Value Added**

R\$ (in thousands)

Code	Description	YTD current year 01/01/2019 to 06/30/2019	YTD prior year 01/01/2018 to 06/30/2018
7.02	Inputs acquired from third parties	<b>(1,790)</b>	<b>(3,031)</b>
7.02.02	Materials, electric power, third-party services and others	(596)	(365)
7.02.03	Loss/recovery of assets	(1,194)	(2,666)
7.03	Gross value added	<b>(1,790)</b>	<b>(3,031)</b>
7.04	Retentions	<b>(43)</b>	<b>(44)</b>
7.04.01	Depreciation, amortization and depletion	(43)	(44)
7.05	Wealth created by the Company	<b>(1,833)</b>	<b>(3,075)</b>
7.06	Wealth received in transfer	<b>701,184</b>	<b>627,920</b>
7.06.01	Share of profit or loss of investees	683,113	605,549
7.06.02	Finance income	18,071	22,371
7.07	Wealth for distribution	<b>699,351</b>	<b>624,845</b>
7.08	Wealth distributed	<b>699,351</b>	<b>624,845</b>
7.08.01	Personnel	<b>3,120</b>	<b>2,958</b>
7.08.01.01	Salaries and wages	2,958	2,853
7.08.01.02	Benefits	93	52
7.08.01.03	Severance pay fund (FGTS)	69	53
7.08.02	Taxes, fees and contributions	<b>53</b>	<b>118</b>
7.08.02.01	Federal	53	118
7.08.03	Lenders and lessors	<b>327</b>	160
7.08.03.01	Interest	327	160
7.08.04	Lenders and lessors	<b>695,851</b>	621,609
7.08.04.01	Interest on capital	187,284	166,793
7.08.04.02	Dividend	186,888	172,788
7.08.04.03	Retained earnings / Loss for the period	321,679	282,028

**Consolidated Financial Statements Balance Sheet – Assets**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
1	Total assets	<b>14,907,806</b>	<b>15,399,850</b>
1.01	Current assets	<b>8,803,475</b>	<b>9,438,581</b>
1.01.01	Cash and cash equivalents	<b>1,843,868</b>	<b>2,205,700</b>
1.01.01.01	Cash and banks	276,410	286,783
1.01.01.02	Short-term investments	1,567,458	1,918,917
1.01.02	Short-term investments	<b>938,886</b>	<b>1,324,188</b>
1.01.03	Trade receivables	<b>2,474,176</b>	<b>2,440,844</b>
1.01.03.01	Customers	2,474,176	2,440,844
1.01.04	Inventories	<b>2,583,387</b>	<b>2,458,410</b>
1.01.06	Taxes recoverable	<b>527,774</b>	<b>421,938</b>
1.01.06.01	Current taxes recoverable	527,774	421,938
1.01.08	Other current assets	<b>435,384</b>	<b>587,501</b>
1.01.08.03	Others	<b>435,384</b>	<b>587,501</b>
1.01.08.03.01	Derivative financial instruments	64,995	223,774
1.01.08.03.02	Others	370,389	363,727
1.02	Noncurrent assets	<b>6,104,331</b>	<b>5,961,269</b>
1.02.01	Long-term receivables	<b>1,106,020</b>	<b>1,178,926</b>
1.02.01.01	Short-term investments at fair value through profit or loss	<b>573,757</b>	<b>562,782</b>
1.02.01.01.01	Securities designated at fair value	573,757	562,782
1.02.01.07	Deferred taxes	<b>148,729</b>	<b>142,669</b>
1.02.01.07.01	Deferred income tax and social contribution	148,729	142,669
1.02.01.10	Other noncurrent assets	<b>383,534</b>	<b>473,475</b>
1.02.01.10.03	Judicial deposits	70,549	58,368
1.02.01.10.04	Taxes recoverable	95,013	167,689
1.02.01.10.05	Derivative financial instruments	127,653	166,922
1.02.01.10.06	Others	90,319	80,496
1.02.02	Investments	<b>19,974</b>	<b>20,362</b>
1.02.02.01	Equity interests	<b>19,974</b>	<b>20,362</b>
1.02.02.01.01	Interests in associates	19,559	19,981
1.02.02.01.05	Other investments	415	381
1.02.03	Property, plant and equipment	<b>3,790,163</b>	<b>3,541,954</b>
1.02.03.01	Property, plant and equipment in operation	3,586,364	3,541,954
1.02.03.02	Right-of-Use Assets	203,799	-
1.02.04	Intangible assets	<b>1,188,174</b>	<b>1,220,027</b>
1.02.04.01	Intangible assets	<b>184,858</b>	<b>225,160</b>
1.02.04.01.02	Others	184,858	225,160
1.02.04.02	Goodwill	<b>1,003,316</b>	<b>994,867</b>

**Consolidated Financial Statements Balance Sheet – Liabilities and Equity**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
2	Total liabilities	<b>14,907,806</b>	<b>15,399,850</b>
2.01	Current liabilities	<b>4,400,792</b>	<b>5,034,004</b>
2.01.01	Social and labor obligations	<b>374,793</b>	<b>240,346</b>
2.01.01.01	Social obligations	374,793	240,346
2.01.02	Trade payables	<b>809,232</b>	<b>842,957</b>
2.01.03	Tax obligations	<b>144,544</b>	<b>88,183</b>
2.01.03.01	Federal tax obligations	144,544	88,183
2.01.03.01.01	Income tax and social contribution payable	48,517	24,968
2.01.03.01.02	Others	96,027	63,215
2.01.04	Borrowings and financing	<b>1,486,659</b>	<b>2,049,093</b>
2.01.04.01	Borrowings and financing	<b>1,486,659</b>	<b>2,049,093</b>
2.01.04.01.01	In local currency	175,902	175,475
2.01.04.01.02	In foreign currency	1,310,757	1,873,618
2.01.05	Other obligations	<b>1,585,564</b>	<b>1,813,425</b>
2.01.05.02	Others	<b>1,585,564</b>	<b>1,813,425</b>
2.01.05.02.01	and interest on capital payable	162,448	165,441
2.01.05.02.04	Advances from customers	511,514	655,242
2.01.05.02.05	Profit sharing	117,287	167,941
2.01.05.02.06	Derivative financial instruments	1,785	12,070
2.01.05.02.07	Leases	48,220	-
2.01.05.02.08	Payables - subsidiaries abroad	209,170	270,901
2.01.05.02.09	Provision for product warranties	145,707	155,532
2.01.05.02.10	Others	389,433	386,298
2.02	Noncurrent liabilities	<b>2,338,568</b>	<b>2,512,589</b>
2.02.01	Borrowings and financing	<b>1,424,176</b>	<b>1,723,021</b>
2.02.01.01	Borrowings and financing	1,424,176	1,723,021
2.02.01.01.01	In local currency	260,303	315,291
2.02.01.01.02	In foreign currency	1,163,873	1,407,730
2.02.02	Other obligations	<b>295,441</b>	<b>155,394</b>
2.02.02.02	Others	295,441	155,394
2.02.02.02.04	Derivative financial instruments	7,614	8,124
2.02.02.02.05	Leases	153,613	-
2.02.02.02.06	Others	134,214	147,270
2.02.03	Deferred taxes	<b>76,751</b>	<b>86,537</b>
2.02.03.01	Deferred income tax and social contribution	76,751	86,537
2.02.04	Provisions	<b>542,200</b>	<b>547,637</b>
2.03	Consolidated equity	<b>8,168,446</b>	<b>7,853,257</b>
2.03.01	Paid-in capital	<b>5,504,517</b>	<b>5,504,517</b>
2.03.02	Capital reserves	<b>(103,110)</b>	<b>(87,102)</b>
2.03.02.04	Options granted	10,057	9,615
2.03.02.05	Treasury shares	(12,499)	(15,261)
2.03.02.07	Premium on capital transaction	(100,668)	(81,456)
2.03.03	Revaluation reserves	<b>3,630</b>	<b>3,630</b>
2.03.04	Earnings reserves	<b>1,146,143</b>	<b>1,133,122</b>
2.03.04.01	Legal reserve	66,916	66,916
2.03.04.02	Statutory reserve	892,339	892,339
2.03.04.08	Additional dividend proposed	186,888	173,867
2.03.05	Retained earnings/accumulated losses	<b>335,588</b>	-
2.03.06	Carrying value adjustments	<b>368,933</b>	<b>380,781</b>
2.03.06.01	Deemed cost	368,933	380,781
2.03.08	Other comprehensive income	<b>762,199</b>	<b>779,326</b>
2.03.08.01	Derivative financial instruments	(4,570)	(18,657)
2.03.08.02	Cumulative translation adjustments	766,769	797,983
2.03.09	Noncontrolling interests	<b>150,546</b>	<b>138,983</b>

## Consolidated Financial Statements/Income Statement

R\$ (in thousands)					
Code	Description	Current Quarter 04/01/2019 to 06/30/2019	YTD current year 01/01/2019 to 06/30/2019	Prior Quarter 04/01/2019 to 06/30/2019	YTD prior year 01/01/2018 to 06/30/2018
3.01	Revenue from sale of products and/or services	3,286,605	6,218,984	3,056,648	5,608,124
3.02	Cost of sales and services	(2,341,339)	(4,416,111)	(2,177,665)	(4,005,542)
3.03	Gross profit	945,266	1,802,873	878,983	1,602,582
3.04	Operating income/expenses	(507,029)	(997,406)	(490,273)	(907,574)
3.04.01	Selling expenses	(296,313)	(587,074)	(284,127)	(526,726)
3.04.02	General and administrative expenses	(136,587)	(275,091)	(145,026)	(274,476)
3.04.02.01	Management fees	(6,597)	(13,269)	(6,425)	(12,471)
3.04.02.02	Other administrative expenses	(129,990)	(261,822)	(138,601)	(262,005)
3.04.04	Other operating income	6,236	10,501	9,405	12,776
3.04.05	Other operating expenses	(83,204)	(148,581)	(70,525)	(119,441)
3.04.06	Share of profit or loss of investees	2,839	2,839	0	293
3.05	Profit before finance income (costs) and taxes	438,237	805,467	388,710	695,008
3.06	Finance income (costs)	(4,525)	(40,661)	(6,471)	21,464
3.06.01	Finance income	408,673	538,042	140,758	379,149
3.06.02	Finance costs	(413,198)	(578,703)	(147,229)	(357,685)
3.07	Profit before taxes on income	433,712	764,806	382,239	716,472
3.08	Income tax and social contribution	(38,452)	(61,339)	(43,199)	(89,288)
3.08.01	Current	(51,513)	(80,938)	(71,684)	(99,698)
3.08.02	Deferred	13,061	19,599	28,485	10,410
3.09	Profit for the period from continuing operations	395,260	703,467	339,040	627,184
3.11	Consolidated profit/loss for the period	395,260	703,467	339,040	627,184
3.11.01	Attributable to owners of the Company	389,002	695,851	336,605	621,609
3.11.02	Attributable to noncontrolling interests	6,258	7,616	2,435	5,575
3.99	Earnings per share – (real/share)	-	-	-	-
3.99.01.01	Common shares	0.18546	0.33177	0.16052	0.29641
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares	0.18536	0.33156	0.16041	0.29622

## Consolidated Financial Statements/Statement of Comprehensive Income

R\$ (in thousands)

Code	Description	Current Quarter 04/01/2019 to 06/30/2019	YTD current year 01/01/2019 to 06/30/2019	Prior Quarter 04/01/2019 to 06/30/2019	YTD prior year 01/01/2018 to 06/30/2018
4.01	Consolidated profit for the period	395,260	<b>703,467</b>	<b>339,040</b>	<b>627,184</b>
4.02	Other comprehensive income	<b>(62,540)</b>	<b>(16,386)</b>	<b>345,305</b>	<b>377,251</b>
4.02.01	Cumulative translation adjustments	(67,798)	(30,473)	334,973	403,346
4.02.02	Hedge Accounting	5,258	14,087	10,332	(26,095)
4.03	Consolidated comprehensive income for the period	<b>332,720</b>	<b>687,081</b>	<b>684,345</b>	<b>1,004,435</b>
4.03.01	Attributable to owners of the Company	326,621	680,721	653,449	989,505
4.03.02	Attributable to noncontrolling interests	6,099	6,360	30,896	14,930

**Consolidated Financial Statements/Cash Flow Statement**

R\$ (in thousands)

Code	Description	YTD current year 01/01/2019 to 06/30/2019	YTD prior year 01/01/2018 to 06/30/2018
6.01	Net cash from operating activities	<b>406,964</b>	<b>556,816</b>
6.01.01	Cash from operations	<b>1,041,195</b>	<b>1,012,192</b>
6.01.01.01	Profit before taxes	764,806	716,472
6.01.01.02	Depreciation, amortization and depletion	193,536	150,217
6.01.01.03	Employee profit sharing	115,471	95,805
6.01.01.04	Stock option plan expenses	3,684	2,801
6.01.01.05	Provision for credit risk	5,212	2,311
6.01.01.06	Provision for tax, civil and labor liabilities	(5,437)	34,680
6.01.01.07	Provision for inventory losses	6,653	17,882
6.01.01.08	Provision for product warranty	(9,825)	17,745
6.01.01.09	Loss on disposal of property, plant and equipment and intangible assets	3,736	6,932
6.01.01.10	Accrued interest on borrowings	15,056	54,301
6.01.01.11	Share of profit (loss) of subsidiaries	(2,839)	(293)
6.01.01.12	Income from financial investments	(48,858)	(86,661)
6.01.02	Changes in assets and liabilities	<b>(634,231)</b>	<b>(455,376)</b>
6.01.02.01	(Increase)/decrease in trade receivables	(149,474)	(220,803)
6.01.02.02	Increase/(decrease) in trade payables	(115,456)	266,335
6.01.02.03	(Increase)/decrease in inventories	(147,203)	(292,414)
6.01.02.04	Income tax and social contribution paid	(57,390)	(78,248)
6.01.02.05	Employee profit sharing paid	(164,708)	(130,246)
6.02	Net cash from investing activities	<b>226,319</b>	<b>(320,927)</b>
6.02.01	Property, plant and equipment	(198,840)	(139,397)
6.02.02	Intangible assets	(10,983)	(14,984)
6.02.03	Proceeds from the sale of property, plant and equipment and intangible assets	12,957	5,307
6.02.07	Business acquisition - business combination net of cash	-	(128,567)
6.02.08	Cash acquired in a business combination	-	12,432
6.02.09	Redemption of short-term investments	(67,617)	(127,439)
6.02.10	Income from financial investments	490,802	71,721
6.03	Net cash from financing activities	<b>(992,714)</b>	<b>(724,173)</b>
6.03.01	Proceeds from borrowings and financing	884,150	654,271
6.03.02	Repayment of borrowings and financing	(1,528,236)	(983,109)
6.03.03	Interest paid on borrowings and financing	(15,528)	(106,596)
6.03.04	Treasury shares	2,762	1,309
6.03.05	and interest on capital paid	(335,862)	(290,048)
6.04	Exchange rate changes on cash and cash equivalents	<b>(2,401)</b>	<b>29,370</b>
6.05	Increase (decrease) in cash and cash equivalents	<b>(361,832)</b>	<b>(458,914)</b>
6.05.01	Cash and cash equivalents at the beginning of the period	2,205,700	3,162,685
6.05.02	Cash and cash equivalents at the end of the period	1,843,868	2,703,771



## Consolidated Financial Statements/Statements of Changes in Equity - 01/01/2019 to 06/30/2019

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274	138,983	7,853,257
5.03	Adjusted opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274	138,983	7,853,257
5.04	Capital transactions with shareholders	-	(16,008)	-	(187,798)	-	(203,806)	5,203	(198,603)
5.04.03	Options granted recognized	-	442	-	(514)	-	(72)	-	(72)
5.04.05	Treasury shares sold	-	5,051	-	-	-	5,051	-	5,051
5.04.07	Interest on capital	-	-	-	(187,284)	-	(187,284)	-	(187,284)
5.04.08	Interest on capital	-	(21,501)	-	-	-	(21,501)	5,203	(16,298)
5.05	Total comprehensive income	-	-	-	709,696	(28,975)	680,721	6,360	687,081
5.05.01	Profit for the period	-	-	-	695,851	-	695,851	7,616	703,467
5.05.02	Other comprehensive income	-	-	-	13,845	(28,975)	(15,130)	(1,256)	(16,386)
5.05.02.04	Translation adjustments for the period	-	-	-	-	(29,217)	(29,217)	(1,256)	(30,473)
5.05.02.06	Hedge accounting - Cash flow hedge, net of taxes	-	-	-	-	14,087	14,087	-	14,087
5.05.02.07	Realization of deemed cost	-	-	-	13,845	(13,845)	-	-	-
5.05.02.08	Realization of deemed cost	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	(173,289)	-	(173,289)	-	(173,289)
5.06.04	Payment of	-	-	-	(173,867)	-	(173,867)	-	(173,867)
5.06.05	Expired dividends	-	-	-	578	-	578	-	578
5.07	Closing balances	5,504,517	(99,480)	959,255	522,476	1,131,132	8,017,900	150,546	8,168,446

## Consolidated Financial Statements/Statements of Changes in Equity - 01/01/2018 to 06/30/2018

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	3,533,973	(88,367)	2,269,436	132,455	868,584	6,716,081	122,381	6,838,462
5.03	Adjusted opening balances	3,533,973	(88,367)	2,269,436	132,455	868,584	6,716,081	122,381	6,838,462
5.04	Capital transactions with shareholders	1,970,544	(783)	(1,970,544)	(167,209)	-	(167,992)	2,907	(165,085)
5.04.01	Capital increase	1,970,544	-	(1,970,544)	-	-	-	-	-
5.04.03	Options granted recognized	-	2,210	-	(416)	-	1,794	-	1,794
5.04.05	Treasury shares sold	-	2,217	-	-	-	2,217	-	2,217
5.04.06		-	-	-	(166,793)	-	(166,793)	-	(166,793)
5.04.08	Capital transactions	-	(5,210)	-	-	-	(5,210)	2,907	(2,303)
5.05	Total comprehensive income	-	-	-	631,172	358,333	989,505	14,930	1,004,435
5.05.01	Profit for the period	-	-	-	621,609	-	621,609	5,575	627,184
5.05.02	Other comprehensive income	-	-	-	9,563	358,333	367,896	9,355	377,251
5.05.02.04	Translation adjustments for the period	-	-	-	-	393,991	393,991	9,355	403,346
5.05.02.06	Hedge Accounting	-	-	-	-	(26,095)	(26,095)	-	(26,095)
5.05.02.07	Realization of deemed cost	-	-	-	9,563	(9,563)	-	-	-
5.06	Internal changes in equity	-	-	-	(132,028)	-	(132,028)	-	(132,028)
5.06.04	Payment of dividends	-	-	-	(132,455)	-	(132,455)	-	(132,455)
5.06.05	Expired dividends	-	-	-	427	-	427	-	427
5.07	Closing balances	5,504,517	(89,150)	298,892	464,390	1,226,917	7,405,566	140,218	7,545,784

**Consolidated Financial Statements/Statements of Value Added**

R\$ (in thousands)

<b>Code</b>	<b>Description</b>	<b>YTD current year 01/01/2019 to 06/30/2019</b>	<b>YTD prior year 01/01/2018 to 06/30/2018</b>
7.01	Revenues	<b>6,945,136</b>	<b>6,274,880</b>
7.01.01	Sales of goods, products and services	6,920,922	6,265,960
7.01.02	Other revenues	28,166	11,231
7.01.04	Allowance for / Reversal of allowance for doubtful debts	(3,952)	(2,311)
7.02	Inputs acquired from third parties	<b>(3,762,019)</b>	<b>(3,525,248)</b>
7.02.02	Materials, electric power, third-party services and others	(3,729,107)	(3,513,811)
7.02.03	Loss/recovery of assets	(32,912)	(11,437)
7.03	Gross value added	<b>3,183,117</b>	<b>2,749,632</b>
7.04	Retentions	<b>(193,536)</b>	<b>(150,217)</b>
7.04.01	Depreciation, amortization and depletion	(193,536)	(150,217)
7.05	Wealth created by the Company	<b>2,989,581</b>	<b>2,599,415</b>
7.06	Wealth received in transfer	<b>540,881</b>	<b>379,442</b>
7.06.01	Share of profit or loss of investees	2,839	293
7.06.02	Finance income	538,042	379,149
7.07	Wealth for distribution	<b>3,530,462</b>	<b>2,978,857</b>
7.08	Wealth distributed	<b>3,530,462</b>	2,978,857
7.08.01	Personnel	<b>1,567,766</b>	1,259,120
7.08.01.01	Salaries and wages	1,316,614	1,074,416
7.08.01.02	Benefits	200,691	138,582
7.08.01.03	Severance pay fund (FGTS)	50,461	46,122
7.08.02	Taxes, fees and contributions	<b>676,636</b>	<b>712,881</b>
7.08.02.01	Federal	599,172	644,290
7.08.02.02	State	70,195	60,827
7.08.02.03	Municipal	7,269	7,764
7.08.03	Lenders and lessors	<b>582,593</b>	<b>379,672</b>
7.08.03.01	Interest	576,522	355,605
7.08.03.02	Rentals	6,071	24,067
7.08.04	Lenders and lessors	<b>703,467</b>	<b>627,184</b>
7.08.04.01	Interest on capital	187,284	166,793
7.08.04.02	Dividends	186,888	172,788
7.08.04.03	Retained earnings / Loss for the period	321,679	282,028
7.08.04.04	Noncontrolling interests	7,616	5,575

## CONSISTENT MARGIN IMPROVEMENT AND GROWING RETURN ON INVESTED CAPITAL

- Net Operating Revenues were R\$ 3,286.6 million in 2Q19, 7.5% higher than 2Q18 and 12.1% higher than 1Q19.
- EBITDA reached R\$ 537.2 million, 15.4% higher than 2Q18 and 16.3% higher than 1Q19, while EBITDA margin was 16.3%, 1.1 p.p. higher than 2Q18 and 0.6 p.p. higher compared with to the previous quarter.
- Return on Invested Capital (ROIC) reached 18.4% in 2Q19, up 1.5 p.p. from 2Q18 and up 0.4 p.p. from 1Q19.

The Brazilian market has shown positive signs and is still growing in the main business segments, although not as fast as expected at the beginning of the year. Revenues performance in the quarterly comparison is explained by the already expected lower participation of wind generation projects. The demand for short cycle products follows the trend observed in the last quarters, in particular industrial and domestic use motors and paintings. However, domestic market highlights remain the solar generation and transmission & distribution (T&D) business, which have been confirming the expectations of a higher demand observed since the end of last year.

The performance in external market was positive, mainly in the Generation, Transmission and Distribution (GTD) and Industrial Electro-Electronic Equipment areas, both in Brazilian Reals and local currencies. Important industry segments, like oil & gas, mining, pulp & paper and infrastructure sectors are showing healthy demand for new products for either brownfield or greenfield investments. It is important to highlight the presence and growing recognition of the company's solutions in projects and partnerships with large global companies, by means of exclusive frame agreements or addition to approved vendor lists, what sets us apart and brings unique opportunities to WEG.

Another highlight for this quarter was the EBITDA margin, which increased 1.1 p.p. when compared to 2Q18, a reflection of margin gains in some operations in Brazil, followed by better profitability in foreign operations, in addition to the favorable product mix revenues in the period.

ROIC presented another expansion quarter. Factors such as growing revenues, improvement in operating margins coupled with gains in scale and efficiency in capital allocation have supported the growth seen in recent quarters.

### MAIN HIGHLIGHTS

*Figures in R\$ Thousands*

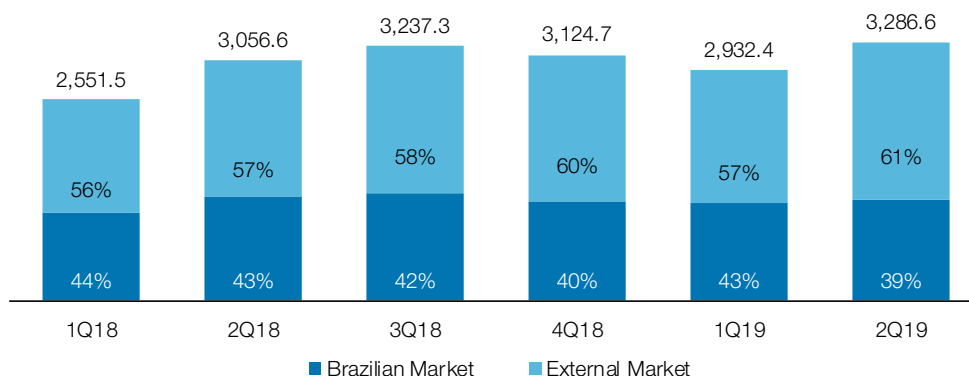
	Q2 2019	Q1 2019	%	Q2 2018	%	06M19	06M18	%
<b>Return on Invested Capital</b>	<b>18.4%</b>	<b>18.0%</b>	<b>0.4 pp</b>	<b>16.9%</b>	<b>1.5 pp</b>	<b>18.4%</b>	<b>16.9%</b>	<b>1.5 pp</b>
<b>Net Operating Revenue</b>	<b>3,286,605</b>	<b>2,932,379</b>	<b>12.1%</b>	<b>3,056,648</b>	<b>7.5%</b>	<b>6,218,984</b>	<b>5,608,124</b>	<b>10.9%</b>
Domestic Market	1,289,665	1,252,159	3.0%	1,318,922	-2.2%	2,541,824	2,447,493	3.9%
External Markets	1,996,940	1,680,220	18.8%	1,737,726	14.9%	3,677,160	3,160,631	16.3%
External Markets in US\$	509,026	445,444	14.3%	483,604	5.3%	954,470	922,142	3.5%
<b>Net Income</b>	<b>389,002</b>	<b>306,849</b>	<b>26.8%</b>	<b>336,605</b>	<b>15.6%</b>	<b>695,851</b>	<b>621,609</b>	<b>11.9%</b>
Net Margin	11.8%	10.5%	1.3 pp	11.0%	0.8 pp	11.2%	11.1%	0.1 pp
<b>EBITDA</b>	<b>537,205</b>	<b>461,798</b>	<b>16.3%</b>	<b>465,515</b>	<b>15.4%</b>	<b>999,003</b>	<b>845,225</b>	<b>18.2%</b>
EBITDA Margin	16.3%	15.7%	0.6 pp	15.2%	1.1 pp	16.1%	15.1%	1.0 pp
EPS (adjust for splits)	0.18546	0.14631	26.8%	0.16052	15.5%	0.33177	0.29641	11.9%

### NET OPERATING REVENUES

Net Operating Revenues (NOR) reached R\$ 3,286.6 million in 2Q19, up 7.5% year-over-year and up 12.1% quarter-over-quarter.

In this quarter, revenue was positively impacted by average Brazilian Real/US dollar exchange rate that moved from R\$ 3.59 in 2Q18 to R\$ 3.92 in 2Q19, with a 9.2% depreciation of the Brazilian Real.

## NET OPERATING REVENUES BY MARKET (R\$ MILLION)



(Figures in R\$ Million)

The breakdown of Net Operating Revenue in 2Q19 by market was:

- Brazilian Market: R\$ 1,289.7 million, representing 39% of revenues, down 2.2% vs. 2Q18 and up 3.0% vs. 1Q19.
- External Markets: R\$ 1,996.9 million, equivalent to 61% of revenues. It is important to consider that we set our sales prices in different markets in local currency amounts, according to local competitive conditions. In 2Q19 revenues in external markets were presented as follows:
  - Measured in Brazilian Reais: up 14.9% vs. 2Q18 and up 18.8% vs. 1Q19.
  - Measured in the quarterly averaged US dollar: up 5.3% vs. 2Q18 and up 14.3% vs. 1Q19.
  - Measured in local currencies, weighted by the revenues in each market, a 12.6% increase vs. 2Q18.

## Evolution of net revenue according to geographic market

*Figures in R\$ thousands*

	Q2 2019	Q1 2019	%	Q2 2018	%
Net Operating Revenues	3,286,605	2,932,379	12.1%	3,056,648	7.5%
Brazilian Market	1,289,665	1,252,159	3.0%	1,318,922	-2.2%
External Markets	1,996,940	1,680,220	18.8%	1,737,726	14.9%
External Markets in US\$	509,026	445,444	14.3%	483,604	5.3%

## External Market – Distribution of Net Revenue According to Geographic Market

	Q2 2019	Q1 2019	%	Q2 2018	%
North America	45.8%	43.1%	2.7 pp	42.5%	3.3 pp
South and Central America	11.3%	9.5%	1.8 pp	12.7%	-1.4 pp
Europe	24.7%	27.1%	-2.4 pp	26.0%	-1.3 pp
Africa	9.1%	8.1%	1.0 pp	9.3%	-0.2 pp
Asia-Pacific	9.1%	12.2%	-3.1 pp	9.5%	-0.4 pp

## Business Area

**Industrial Electro-Electronic Equipment** – The performance of Brazilian industrial area continues to show signs of recovery, following the trend observed in the last quarters, especially short cycle equipment sales, such as low voltage motors and serial automation products, that remain consistent. Sales for long cycle equipment are flat when compared with past quarters, justifying the lower growth revenues in Brazil for this business area. It is worth to highlight that this recovery should happen gradually, depending on the confirmation in economic scenario improvement and the increase of the Brazilian industry confidence.

In external markets we observed a consistent demand for short cycle equipment, like low voltage motors, and an increasing demand for long cycle products, including important orders and invoices for high voltage motors and automation panels. Brownfield and greenfield projects, which also demand long cycle products, continue to have good prospects, especially in the oil & gas, pulp & paper, infrastructure and mining industries.

**Energy Generation, Transmission, and Distribution (GTD)** – Generation business presented revenue decreased in this quarter in Brazil due to the previously anticipated lower participation in wind generation projects. On the other hand, solar generation business remains as a positive highlight. The prospects for this business remain positive, especially in solar distributed generation, which has been showing continuous growth in order intake in recent months.

For other renewable sources, notably hydraulics and biomass, the order intake has stabilized and this should be the trend for the rest of the year.

Transmission and Distribution (T&D) business continues to contribute positively to revenue with the improvement in business dynamics. The prospects remain positive considering that transmission auctions carried out in recent years should contribute positively to the performance of this business unit from 2019 onwards.

Abroad, the main contribution came from the T&D business, which continues to show growth, most notably the USA operation. Sales of transformers to renewable power generation plants continue to grow and we can already observe in a concrete way the expected synergies between our operations in Mexico and USA, which have contributed significantly to our sales growth during this period.

It is also worth mentioning the good performance in both generators operation in USA and India, which showed a consistent improvement in order intake last year, reflecting higher revenues this year.

**Motors for domestic use** – In the domestic market, we observed revenue growth compared to last year. Part of this growth can be explained by higher inventory levels of some customers which demanded less of our products in 2Q18. Additionally, we were able to increase our market share in some important segments, such as washing machines. In the external market, revenue continues to show the impacts already observed in recent quarters, such as the lower order intake in the local market in China and the poor performance of the operation in Argentina, which is suffering from the recent problems faced by the local economy.

**Paints and Varnishes** – The domestic market performance is still reflecting the improvement of important industrial segments such as mining, metallic structures and white goods, with highlights to projects in the oil & gas and wastewater sectors, combined with a greater participation in markets that are relatively new, such as auto parts and road implements. The drop in revenues in the external markets mainly reflects the difficulties of the economic scenario in Argentina.

### Distribution of Net Revenue by Business Area

	2Q19	1Q19		2Q18	
<b>Electro-electronic Industrial Equipments</b>	<b>55,92%</b>	<b>52,31%</b>	<b>3,61 pp</b>	<b>54,63%</b>	<b>1,29 pp</b>
Domestic Market	14,55%	16,13%	-1,58 pp	15,18%	-0,63 pp
External Market	41,36%	36,17%	5,19 pp	39,45%	1,91 pp
<b>Energy Generation , Transmission and Distribution</b>	<b>30,39%</b>	<b>33,31%</b>	<b>-2,92 pp</b>	<b>32,57%</b>	<b>-2,18 pp</b>
Domestic Market	16,07%	18,15%	-2,08 pp	20,89%	-4,82 pp
External Market	14,33%	15,15%	-0,82 pp	11,68%	2,65 pp
<b>Electric Motors for Domestic Use</b>	<b>9,27%</b>	<b>9,77%</b>	<b>-0,50 pp</b>	<b>8,91%</b>	<b>0,36 pp</b>
Domestic Market	4,77%	4,38%	0,39 pp	3,78%	0,99 pp
External Market	4,50%	5,39%	-0,89 pp	5,14%	-0,64 pp
<b>Paints and Varnishes</b>	<b>4,43%</b>	<b>4,62%</b>	<b>-0,19 pp</b>	<b>3,88%</b>	<b>0,55 pp</b>
Domestic Market	3,85%	4,03%	-0,18 pp	3,31%	0,54 pp
External Market	0,58%	0,58%	0,00 pp	0,58%	0,00 pp

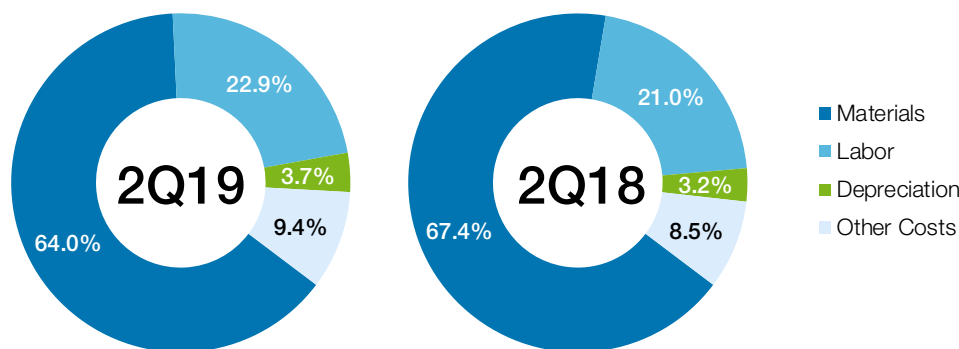
### Cost of Goods Sold

The Cost of Goods Sold (COGS) totaled R\$ 2,341.3 million in 2Q19, up 7.5% vs. 2Q18 and up 12.8% vs. 1Q19. Gross margin was 28.8%, same level vs. 2Q18 and 0.4 p.p. lower compared to last quarter.

Despite the exchange variation of the period, we were able to sustain the same gross margin compared to 2Q18, due to reduction on some raw materials prices, efforts to reduce costs and improve processes that provided productivity gains.

In 2Q19 the average price of copper in the spot market on the London Metal Exchange (LME) in US dollars decreased 1.8% vs. 1Q19 and decreased 11.2% vs. 2Q18, while the average price of steel in Brazilian Reais decreased 0.3% vs. 1Q19 and decreased 12.0% vs. 2Q18.

### COGS Composition



## Sales, General, and Administrative Expenses

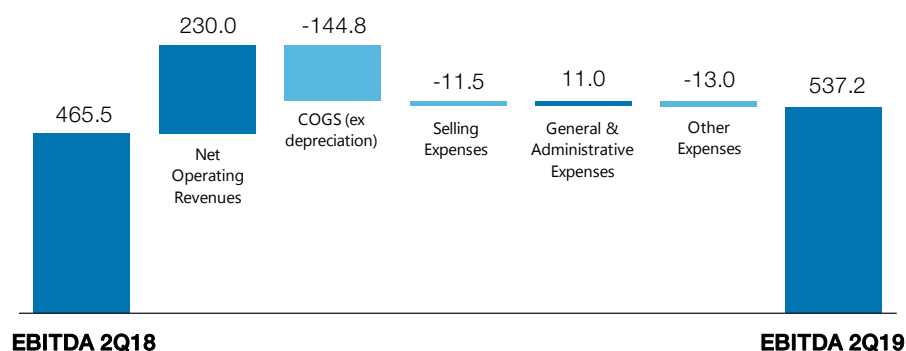
Consolidated Sales, General, and Administrative expenses totaled R\$ 432.9 million in 2Q19, an increase of 0.9% vs. 2Q18 and an increase of 0.8% vs. 1Q19. It is worth noting that some of these costs are for operations abroad and are also impacted by the recent depreciation of the Brazilian Real. When analyzed in relation to net operating revenue, these expenses accounted for 13.2%, down 0.8 p.p. vs. 2Q18 and down 1.4 p.p. vs. 1Q19.

## EBITDA and EBITDA Margin

2Q19 EBITDA reached R\$ 537.2 million, up 15.4% vs. 2Q18 and up 16.3% vs. 1Q19. EBITDA margin was 16.3%, 1.1 p.p. higher vs. 2Q18 and 0.6 p.p. higher compared to the previous quarter. The EBITDA margin evolution is a reflection of margin gains in some operations in Brazil and abroad, in addition to the favorable product mix revenues in the period.

*Figures in R\$ Million*

	2Q19	1Q19	%	2Q18	%
Net Operating Revenues	3,286.6	2,932.4	12.1%	3,056.6	7.5%
Net Income before Minorities	395.3	308.2	28.2%	339.0	16.6%
(+) Income taxes & Contributions	38.5	22.9	68.0%	43.2	-11.0%
(+/-) Financial income (expenses)	4.5	36.1	-87.5%	6.5	-30.1%
(+) Depreciation & Amortization	99.0	94.6	4.7%	76.8	28.9%
<b>EBITDA</b>	<b>537.2</b>	<b>461.8</b>	<b>16.3%</b>	<b>465.5</b>	<b>15.4%</b>
<b>EBITDA Margin</b>	<b>16.3%</b>	<b>15.7%</b>		<b>15.2%</b>	



## Net Financial Results

The net financial result in 2Q19 was negative R\$ 4.5 million (negative R\$ 6.5 million in 2Q18 and negative R\$ 36.1 million in 1Q19). This is mainly explained by lower income from financial investments and monetary adjustment over provisions in the period.

## Income Tax

The provision for Income Tax and Social Contribution on Net Profit in 2Q19 totaled R\$ 51.5 million (vs. R\$ 71.7 million in 2Q18 and R\$ 29.4 million in 1Q19). Additionally, we credited R\$ 13.1 million as Deferred Income Tax and Social Contribution in 2Q19 (vs. credit of R\$ 28.5 million in 2Q18 and credit of R\$ 6.5 million in 1Q19).



## Net Income

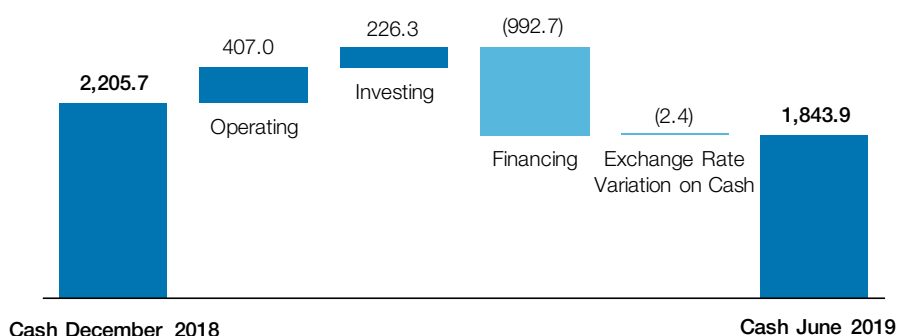
Net Income in 2Q19 was R\$ 389.0 million, an increase of 15.6% vs. 2Q18 and increase of 26.8% vs. 1Q19. Net margin reached 11.8%, 0.8 p.p. higher than 2Q18 and 1.3 p.p. higher than 1Q19.

## Cash Flow

Cash generation in operating activities was R\$ 407.0 million in the first half of 2019. Back to normal level after the increase of working capital needs accounted in the first quarter.

Movements on long-term financial investments were the main reason for the generation of R\$ 226.3 million in investment activities in the first half of 2019. The level of investment in modernization and expansion of production capacity showed a growth compared to 2Q18, mainly due to investments in the new foundry in Mexico.

In the financing activities, we raised R\$ 884.1 million and made amortizations of R\$ 1,528.2 million, resulted in a net amortization of R\$ 644.1 million. Interest on loans consumed R\$ 15.5 million while payments to equity holders (dividends and interest on capital) totaled R\$ 335.9 million. The final result was consumption of R\$ 992.7 million in financing activities this year so far.

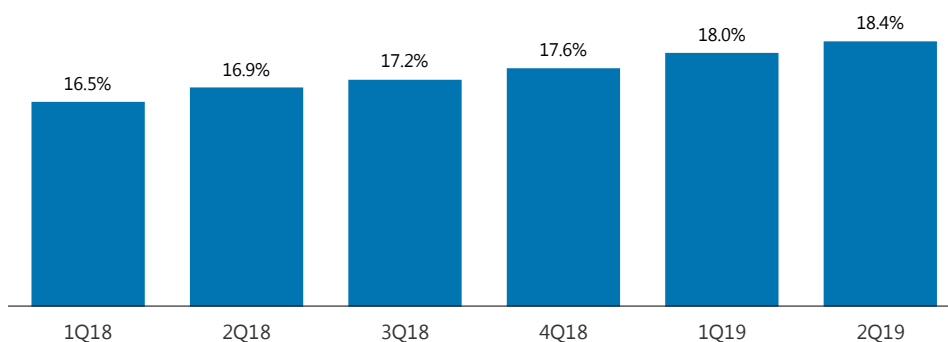


(Figures in R\$ Million)

We point out that the chart above shows the cash and cash equivalents positions classified as current assets. Also, we have R\$ 1,705.3 million in financial investments with no immediate liquidity (R\$ 2,277.7 million in December 2018).

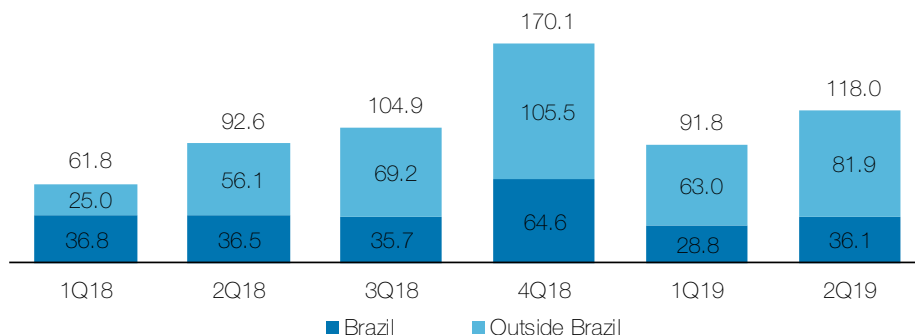
## Return on Invested Capital

The Return on Invested Capital (ROIC) in 2Q19 (accumulated in the last 12 months) showed expansion of 1.5 p.p. over 2Q18, reaching 18.4%. Growth of Net Operating Profit After Taxes (NOPAT), due to revenue growth and better margins, 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 (CAPEX)

In 2Q19, we invested R\$ 118.0 million in modernization and expansion of production capacity, machinery and equipment, and software licenses, 31% of which are for production units in Brazil and 69% for industrial plants and other facilities abroad.



(Figures in R\$ Million)

Expenditures on research, development, and innovation activities totaled R\$ 165.4 million, representing 2.7% of net operating revenue in the first half.

## Debt and Cash Position

As of June 30, 2019, cash, cash equivalents, and financial investments totaled R\$ 3,549.2 million and were invested in first-tier banks and denominated in Brazilian currency. Gross financial debt totaled R\$ 2,920.2 million, of which 51% was in short-term operations and 49% in long-term operations. Net cash totaled R\$ 628.9 million.

*Figures in R\$ Thousands*

	June 2019		December 2018		June 2018	
<b>Cash &amp; Financial instruments</b>	<b>3,549,159</b>		<b>4,483,366</b>		<b>4,645,082</b>	
- Current	2,847,749		3,753,662		4,264,056	
- Long Term	701,410		729,704		381,026	
<b>Debt</b>	<b>2,920,234</b>	<b>100%</b>	<b>3,792,308</b>	<b>100%</b>	<b>4,198,958</b>	<b>100%</b>
- Current	1,488,444	51%	2,061,163	54%	2,020,773	48%
- In Brazilian Reais	175,902		175,475		491,033	
- In other currencies	1,312,542		1,885,688		1,529,740	
- Long Term	1,431,790	49%	1,731,145	46%	2,178,185	52%
- In Brazilian Reais	260,303		315,291		432,416	
- In other currencies	1,171,487		1,415,854		1,745,769	
<b>Net Cash (Debt)</b>	<b>628,925</b>		<b>691,058</b>		<b>446,124</b>	

(Figures in R\$ thousands)

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

- The total duration of 18.8 months, with a duration of 33.2 months in the long term. In December 2018, these figures were 20.8 months and 37.7 months, respectively.
- The weighted average cost of debt denominated in Brazilian Reais is approximately 7.11% p.a. (vs. 7.2% p.a. in December 2018). 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 2019, the Board of Directors approved, ad referendum of a future Annual Shareholders Meeting, the following events regarding dividends:

- On March 19, as interest on stockholders' equity (JCP), to the gross amount of R\$ 97.3 million
- On June 25, as interest on stockholders' equity (JCP), to the gross amount of R\$ 89.9 million

The Board of Directors approved intermediate dividends related to the net income for the first half of 2019, to the total amount of R\$ 186.9 million. The proceeds will be paid on August 14, 2019. Amounts declared as remuneration to shareholders in the first half represented 53.8% of net income for the period.

*Figures in R\$ Million*

	2nd Half 2019	2nd Half 2018	%
Dividends	186.9	172.8	8.2%
Interest on Stockholders' Equity	187.3	166.8	12.3%
<b>Gross Total</b>	<b>374.2</b>	<b>339.6</b>	<b>10.2%</b>
<b>Net Earnings</b>	<b>695.9</b>	<b>621.6</b>	<b>11.9%</b>
<b>Total Dividends / Net Earnings</b>	<b>53.8%</b>	<b>54.6%</b>	

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.

## New Digital Business Structure

We announced on June 26, 2019 the creation of a new digital business structure to accelerate the development of embarked and/or external software solutions to the company's traditional products, as well as transforming its real-time manufacturing and process management system into a business.

The new structure will act in a matrix form, fomenting and supporting all the company's business units for the greater application of new technologies as augmented reality and artificial intelligence in our products as well as to develop digital services. These actions, coupled with the mission to develop the business of sensing, IIoT (Industrial Internet of Things) and monitoring software and data analysis, WEG will be offering to its customers the backbone of the "industry 4.0".

## 1 Information on the Company

WEG S.A. ("Company") is a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, in Jaraguá do Sul - State of Santa Catarina (SC), Brazil, holding company comprising the WEG Group ("Group"), which is primarily engaged in the production and sale of capital goods such as electric motors, generators and transformers; gear units and geared motors; hydraulic and steam turbines; frequency converters; motor starters and maneuver devices; control and protection of electric circuits for industrial automation; power sockets and switches; electric traction solutions for heavy vehicles, SUV vehicles, locomotives, and sea transportation electric propelling; solutions for the generation of renewable and distributed energy, exploring all opportunities in small hydro, thermal, biomass, wind and solar energy powerplants; circuit breakers and alternators for groups of generators; conventional and movable electric substations; industrial electrical and electronic systems; and industrial paint & varnish, and paints for automotive repainting. The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United States, Portugal, Spain, Austria, Germany, South Africa, India, and China.

The Company has shares traded on B3 under ticker symbol "WEGE3" and has been listed since June 2007 in the special segment of corporate governance called Novo Mercado.

The Company has American Depositary Receipts (ADRs) - Level 1 that are traded on the over-the-counter (OTC) market in the United States under the ticker symbol "WEGZY".

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial information, included in the Quarterly Information Form – ITR for the quarter ended June 30, 2019 includes the individual and consolidated interim financial information prepared considering all significant information on the Company, which corresponds to that used by Management in managing the activities, with CPC 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standard Board ("IASB") and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission ("CVM") applicable to the preparation of Quarterly Information - ITR.

The interim financial information has been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, when required by the standard.

The Company's consolidated interim financial information for the period ended June 30, 2019 was authorized for issue at the executive board's meeting held on July 15, 2019.

The accounting policies, bases of consolidation and methods of calculation adopted in the preparation of the interim financial information, as well the key estimates and judgments used in applying the accounting policies are the same as those adopted in the preparation of the financial statements for the year ended December 31, 2018, including the adoption of the new accounting standards.

## 3 ACCOUNTING ESTIMATES

The interim financial information includes the use of estimates that took into consideration Management's assessments and judgments, past and current experiences, assumptions related to future events and other objective and subjective factors. The significant items subject to those estimates are:

- a) analysis of the credit risk to determine the allowance for doubtful debts;
- b) review of the economic useful life of fixed assets and their recovery in operations;
- c) impairment test of intangible assets;
- d) fair value measurement of financial instruments;
- e) commitments to employee benefit plan;
- f) share-based plan transactions;
- g) deferred income and social contribution taxes; and
- h) provision for contingencies.

The settlement of transactions involving those estimates may lead to amounts different from those recorded in the interim financial information due to the inaccuracies inherent in the estimate process. These estimates are periodically reviewed.

#### 4 CASH AND CASH EQUIVALENTS

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
a) Cash and banks	5	8	276,410	286,783
b) Short-term investments	264,030	200,685	1,567,458	1,918,917
In local currency:	264,030	200,685	1,537,920	1,870,749
Bank Certificate of Deposit (CDB) and Repurchase Agreements	264,030	200,685	1,537,920	1,870,749
In foreign currency:	-	-	29,538	48,168
<b>TOTAL</b>	<b>264,035</b>	<b>200,693</b>	<b>1,843,868</b>	<b>2,205,700</b>

##### Investments in Brazil:

Short-term investments in Brazil refer mainly to funds invested in private securities with first tier financial institutions and repurchase agreements.

These investments yield an average rate of 100.43% of the Interbank Deposit Rate - CDI (100.18% of the CDI as at December 31, 2018).

#### 5 SHORT-TERM INVESTMENTS

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
Bank Certificate of Deposit (CDB), Repurchase Agreements and Funds	857,931	978,627	1,512,643	1,886,970
<b>TOTAL</b>	<b>857,931</b>	<b>978,627</b>	<b>1,512,643</b>	<b>1,886,970</b>
<b>Current assets</b>	<b>857,931</b>	<b>978,627</b>	<b>938,886</b>	<b>1,324,188</b>
Floating rate	857,931	978,627	857,931	1,243,861
Fixed rate	-	-	80,955	80,327
<b>Noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>573,757</b>	<b>562,782</b>
Floating rate	-	-	526,737	516,138
Fixed rate	-	-	47,020	46,644

Short-term investments yield average fixed rates of 15.88% p.a. (15.88% p.a. as at December 31, 2018) and floating average rate of 103.05% of the CDI rate (102.56% of the CDI as at December 31, 2018).

## 6 TRADE RECEIVABLES

	CONSOLIDATED	
	06/30/19	12/31/18
<b>a) Breakdown of balances:</b>		
Domestic market	972,082	1,017,925
External market	1,558,102	1,473,715
<b>SUBTOTAL</b>	<b>2,530,184</b>	<b>2,491,640</b>
Allowance for doubtful debts	(56,008)	(50,796)
<b>TOTAL</b>	<b>2,474,176</b>	<b>2,440,844</b>
<b>b) Losses on trade receivables in the period</b>	<b>4,646</b>	<b>8,639</b>
<b>c) Maturity of trade notes:</b>		
Not past due	2,234,261	2,129,256
Past due:	295,923	362,384
Up to 30 days	147,486	214,301
From 31 to 90 days	71,718	75,102
From 91 to 180 days	25,193	24,048
Over 180 days	51,526	48,933
<b>TOTAL</b>	<b>2,530,184</b>	<b>2,491,640</b>

The movement in the allowance for doubtful debts is as follows:

<b>Balance at 01/01/2018</b>	<b>(43,972)</b>
Losses written off in the year	8,639
Recognition of provision in the year	(33,987)
Reversal of provision in the year	18,524
<b>Balance at 12/31/2018</b>	<b>(50,796)</b>
Losses written off in the period	4,646
Recognition of provision in the period	(13,662)
Reversal of provision in the period	3,804
<b>Balance at 06/30/2019</b>	<b>(56,008)</b>

## 7 INVENTORIES

	CONSOLIDATED	
	06/30/19	12/31/18
Finished goods	331,123	377,506
Work in progress	423,322	412,954
Raw materials and others	431,043	407,373
Imports in transit	106,510	74,543
Provision for slow-moving inventory losses	(32,593)	(33,262)
<b>Total inventories - domestic market</b>	<b>1,259,405</b>	<b>1,239,114</b>
Finished goods	796,629	744,153
Work in progress	284,628	246,507
Raw materials and others	327,253	305,842
Provision for slow-moving inventory losses	(84,528)	(77,206)
<b>Total inventories – external market</b>	<b>1,323,982</b>	<b>1,219,296</b>
<b>GRAND TOTAL</b>	<b>2,583,387</b>	<b>2,458,410</b>

The movement in the provision for slow-moving inventory losses is as follows:

<b>Balance at 01/01/2018</b>	<b>(95,124)</b>
Recognition of provision in the year	(70,734)
Reversal of provision in the year	55,390
<b>Balance at 12/31/2018</b>	<b>(110,468)</b>
Recognition of provision in the period	(25,093)
Reversal of provision in the period	18,440
<b>Balance at 06/30/2019</b>	<b>(117,121)</b>

Inventories are insured and their coverage is determined considering the values and level of risk involved. The recognition and reversal of provision for slow-moving inventory losses are recorded in cost of sales.

**8 TAXES RECOVERABLE**

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
<b>BRAZIL</b>	<b>23,996</b>	<b>17,083</b>	<b>472,545</b>	<b>467,289</b>
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	18,099	17,083	197,455	153,436
IRRF (Withholding Income Tax) on financial investments)	5,897	-	37,423	-
ICMS (State VAT)	-	-	98,438	103,471
ICMS on purchases of property, plant and equipment	-	-	19,718	20,297
IPI (Federal VAT)	-	-	45,422	98,576
PIS/COFINS (Taxes on Revenue)	-	-	56,909	54,868
Reintegra	-	-	14,885	30,488
Others	-	-	2,295	6,153
<b>FOREIGN</b>	<b>-</b>	<b>-</b>	<b>150,242</b>	<b>122,338</b>
Income Tax	-	-	57,403	60,486
IVA / VAT	-	-	89,341	58,870
Others	-	-	3,498	2,982
<b>TOTAL</b>	<b>23,996</b>	<b>17,083</b>	<b>622,787</b>	<b>589,627</b>
Current assets	23,996	17,083	527,774	421,938
Noncurrent assets	-	-	95,013	167,689

The credits will be realized by the Company and its subsidiaries during the normal process of tax calculation and there are also credits subject to refund and/or offsetting.

**9 RELATED PARTIES**

The Company carried out trading transactions involving purchase and sale of goods and raw materials and contracting of services as well as financial transactions relating to loans and fundraising among Group companies, which are eliminated on consolidation, and Management compensation.

**Amount of existing balances:**

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
<b>BALANCE SHEET ACCOUNTS</b>				
<b>Noncurrent assets</b>	<b>6</b>	<b>15</b>	<b>-</b>	<b>-</b>
Management of funds				
WEG Equipamentos Elétricos S.A.	6	15	-	-
<b>Current liabilities</b>	<b>1,358</b>	<b>1,455</b>	<b>18,773</b>	<b>20,449</b>
Contracts with Management	-	-	5,645	4,851
Profit sharing - Management	1,358	1,455	13,128	15,598

**PROFIT & LOSS ACCOUNTS**

	PARENT		CONSOLIDATED	
	06/30/19	06/30/18	06/30/19	06/30/18
<b>Management compensation:</b>				
<b>a) Fixed (fees)</b>	<b>1,358</b>	<b>1,251</b>	<b>13,269</b>	<b>12,471</b>
Board of Directors	677	599	1,355	1,198
Board of Executive Officers	681	652	11,914	11,273
<b>b) Variable (profit sharing)</b>	<b>1,358</b>	<b>1,212</b>	<b>13,030</b>	<b>10,091</b>
Board of Directors	677	586	1,355	1,172
Board of Executive Officers	681	626	11,675	8,919

**Additional Information:****a) Trading transactions**

The purchase and sale of inputs and goods are conducted under conditions established between the parties;

**b) Management of funds**

The financial and trading transactions conducted among the Group companies are recorded and supported by the Group's policies. The credit/debit agreements entered into with Management are subject to interest of 95% of the CDI variation;

**c) Sureties and guarantees**

WEG SA has sureties and guarantees for foreign subsidiaries in the amount of US\$ 63.6 million (US\$ 50.3 million at December 31, 2018);

**d) Management compensation**

The members of the Board of Directors received compensation in the amount of R\$ 1,355 (R\$ 1,198 as at June 30, 2018) and the executive officers received R\$11,914 (R\$ 11,273 as at June 30, 2018) for their services, corresponding to a total amount of R\$ 13,269 (R\$ 12,471 as at June 30, 2018).

A share of 0% to 2.5% of the consolidated profit for the year is expected to be paid to Management as long as they achieve the minimum operating performance targets. The performance targets refer to the Return on Invested Capital (weight of 85%), with a minimum performance of 10%, and growth of EBITDA (weight of 15%), with a minimum performance of 1.3%. The corresponding provision is recognized in profit or loss for the exercise in the amount of R\$ 13,030 (R\$ 10,091 as at June 30, 2018), in line item other operating income (expenses). Directors receive benefits for the performance of their function.

**10 DEFERRED TAXES**

The deferred tax assets and liabilities were determined in accordance with CVM Resolution 599/09, which approved Technical Pronouncement CPC 32 – Income Taxes.

**a) Breakdown of amounts:**

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
Income tax losses	-	46	81,883	96,719
Social contribution losses	269	140	16,087	16,340
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	106,980	107,217
Taxes under litigation	1,608	1,608	45,895	42,432
Losses on trade receivables	-	-	13,172	13,794
Losses on slow-moving inventories	-	-	18,765	16,358
Indemnities on labor and contractual terminations	-	-	14,730	18,024
Freight and sales commissions	-	-	10,137	13,571
Third-party services	-	-	62,139	62,036
Employee profit sharing	-	-	38,274	49,587
Unrealized gains on derivatives	-	-	3,874	(21,825)
Derivatives - hedge accounting	-	-	2,354	9,611
Deferred revenue	-	-	8,953	6,270
Accelerated depreciation	-	-	(7,255)	(7,306)
Difference between tax and accounting amortization of goodwill	-	-	(33,676)	(32,739)
Difference between tax and accounting depreciation (useful life)	(14)	(14)	(196,339)	(194,042)
Others	3,575	2,914	57,391	38,084
Deemed cost of property, plant and equipment	(1,357)	(1,372)	(171,386)	(177,999)
<b>TOTAL</b>	<b>4,081</b>	<b>3,322</b>	<b>71,978</b>	<b>56,132</b>
Noncurrent assets	4,081	3,322	148,729	142,669
Noncurrent liabilities	-	-	(76,751)	(86,537)

**b) Estimated realization period**

Management estimates that the deferred taxes arising from temporary differences will be realized in proportion to the materialization of the contingencies, losses and forecast obligations.

In regard to deferred tax assets, recognized on income tax and social contribution losses, Management estimates that they will be realized within the next 5 years, taking into consideration the projection of future profits.



# 11 INVESTMENTS

## 11.1 Investments in subsidiaries

	Country	Equity	Profit or loss for the period	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				06/30/19		12/31/18		06/30/19	06/30/18	06/30/19	12/31/18
				Direct	Indirect	Direct	Indirect				
WEG Equipamentos Elétricos S.A. (*)	Brazil	5,968,654	704,207	100.00	-	100.00	-	612,428	567,017	5,968,654	5,669,794
RF Reflorestadora Ltda.		155,951	1,887	100.00	-	100.00	-	1,887	1,436	155,951	155,762
WEG Tintas Ltda.		-	-	-	-	-	-	-	520	-	-
WEG Amazônia S.A.		54,026	6,312	0.02	99.98	0.02	99.98	1	-	8	8
WEG Administradora de Bens Ltda.		13,059	217	99.06	0.94	99.06	0.94	214	4	12,936	12,867
WEG Logística Ltda.		168,946	8,757	-	100.00	-	100.00	-	-	-	-
WEG Linhares Equip. Elétricos S.A.		384,387	46,553	-	100.00	-	100.00	-	-	2	2
WEG Drives & Controls Aut. Ltda.		590,109	61,983	100.00	-	100.00	-	61,983	32,250	590,118	545,540
WEG Partner Aerogeradores Ltda.		2	(6)	0.10	99.90	0.10	99.90	-	-	-	-
WEG-Cestari Redut. Motorredut. S.A.		39,610	1,810	-	50.00	-	50.00	-	-	-	-
Hidráulica Indl.- Ind. e Com. Ltda.		218,848	582	-	100.00	-	100.00	-	-	-	-
Agro Trafo Adm. de Bens Ltda.		1,085	17	91.75	8.25	91.75	8.25	36	149	996	1,101
Paumar S.A. Indústria e Comércio		374,531	12,638	38.87	61.13	38.87	61.13	4,913	2,388	145,581	141,056
WEG-Jelec Oil and Gas Sol. Aut. Ltda.		11	-	-	100.00	-	100.00	-	-	-	-
Transformadores do Nordeste Ltda.		17,487	(298)	0.01	99.99	0.01	99.99	-	-	-	-
TGM Ind. e Com. de Turbinas e Trans. Ltda.		103,389	17,713	0.01	99.99	0.01	99.99	-	-	-	-
Zest WEG Group Africa (Pty) Ltd.		225,753	2,785	-	100.00	-	100.00	-	-	-	-
Zest Energy (Pty) Ltd.		9,972	81	-	100.00	-	100.00	-	-	-	-
Zest WEG Manufacturing (Pty) Ltd.		(39,168)	(322)	-	100.00	-	100.00	-	-	-	-
Zest WEG Electric (Pty) Ltd.		109,245	6,860	-	74.80	-	74.80	-	-	-	-
ENI Electric/Instrumentations Eng. Cont.(Pty)	South Africa	(8,720)	(198)	-	86.67	-	86.67	-	-	-	-
Zest WEG Group Namibia Ent. (Pty) Ltd.		1,857	(7)	-	100.00	-	100.00	-	-	-	-
Zest WEG Investment Company (Pty) Ltd.		109,245	2,884	-	64.70	-	64.70	-	-	-	-
WEG Germany GmbH		46,313	3,748	-	100.00	-	100.00	-	-	-	-
Watt Drive GmbH		5,375	331	-	100.00	-	100.00	-	-	-	-
Wurttembergische Elektromotoren GmbH	Germany	16,007	61	-	100.00	-	100.00	-	-	-	-
Antriebstechnik KATT Hessen GmbH		200	(1,741)	-	100.00	-	100.00	-	-	-	-
WEG Equipamientos Electricos S.A.	Argentina	81,916	899	10.45	89.55	10.45	89.55	1,434	1,797	8,553	8,105
Pulverlux S.A.		7,847	(302)	-	100.00	-	100.00	-	-	-	-
WEG Australia Pty Ltd.	Australia	45,647	3,170	-	100.00	-	100.00	-	-	-	-
Watt Drive Antriebstechnik GmbH		87,003	3,740	-	100.00	-	100.00	-	-	-	-
WEG International Trade GmbH	Austria	353,620	351,678	-	100.00	-	100.00	-	-	-	-
WEG Holding GmbH		2,786,484	441,435	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	Belgium	51,506	4,335	-	100.00	-	100.00	-	-	-	-
WEG Chile S.A.	Chile	42,503	1,606	8.00	92.00	8.00	92.00	217	(12)	3,400	3,150
WEG (Nantong) Electric Motor Co., Ltd.		230,093	14,151	-	100.00	-	100.00	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		34,595	(10,326)	-	100.00	-	100.00	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		11,585	(2,722)	-	100.00	-	100.00	-	-	-	-
Wuxi Ecovi Technology Co., Ltd.	China	5,177	(761)	-	100.00	-	100.00	-	-	-	-
Jiangsu Shiya Elect. Technolog. Co., Ltd.		2,353	(2,048)	-	100.00	-	100.00	-	-	-	-
The First Drive Technology Co., Ltd.		7,098	(1,073)	-	100.00	-	100.00	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		207,398	7,960	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ltd.	Singapore	1,231	1,044	-	100.00	-	100.00	-	-	-	-
WEG Colombia S.A.S.		116,236	6,900	-	100.00	-	100.00	-	-	-	-
FTC Energy Group S.A.	Colombia	-	118	-	100.00	-	100.00	-	-	-	-
WEG Transformadores Colombia S.A.S.		-	66	-	100.00	-	100.00	-	-	-	-
WEG Middle East Fze.	Arab Emirates	(15,601)	(1,829)	-	100.00	-	100.00	-	-	-	-
WEG Iberia Industrial S.L.		63,208	5,362	-	100.00	-	100.00	-	-	-	-
Autral S.L.	Spain	(8,515)	986	-	100.00	-	51.00	-	-	-	-

	Country	Equity	Profit or loss for the period	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				06/30/19		12/31/18		06/30/19	06/30/18	06/30/19	12/31/18
				Direct	Indirect	Direct	Indirect				
WEG Electric Corp.	United States	639,673	39,449	-	100.00	-	100.00	-	-	-	-
Electric Machinery Company LLC		70,251	2,840	-	100.00	-	100.00	-	-	-	-
FTC Energy Group Inc.		951	105	-	100.00	-	100.00	-	-	-	-
Bluffton Motor Works, LLC		291,366	(2,316)	-	100.00	-	100.00	-	-	-	-
WEG Transformers USA LLC		100,500	4,769	-	72.00	-	72.00	-	-	-	-
WEG Investment North America Inc.		101,365	3,084	-	100.00	-	100.00	-	-	-	-
WEG France SAS	France	36,991	3,057	-	100.00	-	100.00	-	-	-	-
Zest WEG Group Ghana Ltd.	Ghana	7,550	715	-	100.00	-	100.00	-	-	-	-
E & I Electrical Ghana Ltd.		(1,571)	(128)	-	90.00	-	90.00	-	-	-	-
WEG Industries (India) Private Ltd.	India	193,404	(2,024)	-	100.00	-	100.00	-	-	-	-
WEG (UK) Ltd.	England	22,906	(265)	-	100.00	-	100.00	-	-	-	-
WEG Italia S.R.L.	Italy	34,769	1,163	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors Japan Co. Ltd.	Japan	3,065	3	-	95.00	-	95.00	-	-	-	-
WEG South East Asia SDN BHD	Malaysia	(3,377)	(980)	-	100.00	-	100.00	-	-	-	-
WEG México S.A. de C.V.	Mexico	510,337	(5,023)	-	100.00	-	100.00	-	-	-	-
WEG Transform. México S.A. de C.V.		76,957	3,638	-	72.00	-	72.00	-	-	-	-
Voltran S.A. de C.V.		91,367	3,000	-	72.00	-	72.00	-	-	-	-
WEG Equipos Eléctricos S.A. de C.V.		29,056	415	-	100.00	-	100.00	-	-	-	-
WEG Power Systems S.A. de C.V.		2,623	74	-	72.00	-	72.00	-	-	-	-
Zest WEG Group Mozambique, Lda.	Mozambique	(323)	(383)	-	100.00	-	100.00	-	-	-	-
WEG Peru S.A.	Peru	11,582	1,462	0.05	99.95	0.05	99.95	-	-	6	6
WEGEuro Ind. Eléctrica S.A.	Portugal	98,190	7,661	-	100.00	-	100.00	-	-	-	-
WEG Electric CIS	Russia	7,188	1,590	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB	Swedish	12,502	1,547	-	100.00	-	100.00	-	-	-	-
ENI Electrical Tanzania (Pty) Limited	Tanzania	48	(108)	-	100.00	-	100.00	-	-	-	-
WEG Industrias Venezuela C.A.	Venezuela	(1)	(1)	-	100.00	-	100.00	-	-	-	-
E & I Zambia Ltd.	Zambia	(1,154)	821	-	50.00	-	50.00	-	-	-	-
<b>TOTAL</b>								<b>683,113</b>	<b>605,549</b>	<b>6,886,205</b>	<b>6,537,391</b>

(\*) Share of profit (loss) of investees adjusted for unrealized profits on related-party transactions.

The Company’s consolidated interim financial information includes the individual interim financial information of WEG S.A. and all its subsidiaries. The subsidiaries are fully consolidated from the date on which the control is obtained.

Subsidiaries with negative equity are capitalized annually, in accordance with the legislation of each country.

### 11.2 Investment in associate

	Country	Equity	Profit (loss) for the period	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				30/06/19		31/12/18		30/06/19	30/06/18	30/06/19	31/12/18
				Direct	Indirect	Direct	Indirect				
TGM Kanis Turbinen GmbH	Germany	45,635	6,624	-	42.86	-	42.86	2,839	293	19,559	19,981

### 11.3 Acquisition

#### (i) Northern Power Systems ("NPS") Energy Storage Business

On February 13, 2019, the Company announced the acquisition in the amount of R\$ 5,422 of assets related to the Energy Storage System (ESS) business of Northern Power Systems ("NPS"), a company that designs, develops and manufactures energy storage systems in Barre, Vermont, United States.

WEG became the sole owner of the assets, patent portfolio, know-how and related materials, including all drawings, designs, specifications and software used in the design and maintenance of NPS battery energy storage systems.

**(ii) Geremia Redutores Ltda.**

On February 14, 2019, the subsidiary WEG-Cestari Redutores and Motorredutores S.A. signed an agreement for the acquisition of the entire capital stock of Geremia Redutores Ltda., a Brazilian manufacturer of gearboxes, geared motors, speed and flexible couplings and gearboxes components, located in Bento Gonçalves, Rio Grande do Sul. This acquisition does not include the interim financial information as at June 30, 2019 due to the pending approval of the Administrative Council for Economic Defense (CADE).

**(iii) Autrial S.L.**

In March 2019, the subsidiary WEG Iberia Industrial S.L. acquired for R\$ 6,835 the remaining 49% equity interest from Autrial S.L.. The goodwill in the amount of R\$ 11,477 was measured as the surplus of the considered transferred in relation to the net assets acquired, and recognized in equity as capital transaction.

**11.4 Corporate Events 2019****FTC Energy Group S.A. and WEG Transformadores Colombia S.A.S.**

In March 2019 the companies FTC Energy Group S.A. and WEG Transformadores Colombia S.A.S. were merged into the parent WEG Colombia S.A.S.. The purpose of this restructuring is to streamline the technical and administrative services, obtain synergy from them, and reduce the operating costs and administrative expenses.

**12 PROPERTY, PLANT AND EQUIPMENT**

	PARENT		CONSOLIDATED		
	06/30/19	12/31/18	06/30/19	12/31/18	
Land	1,440	1,440	404,739	404,019	
Constructions and facilities	5,639	5,639	1,496,566	1,469,714	
Machines and Equipment	-	-	4,152,437	4,139,915	
Furniture and fixtures	-	-	144,798	148,236	
Hardware	-	-	130,857	127,383	
Construction in progress	-	-	473,897	385,711	
Reforestation	-	-	58,266	57,899	
Others	-	-	104,583	113,962	
<b>Total property, plant and equipment</b>	<b>7,079</b>	<b>7,079</b>	<b>6,966,143</b>	<b>6,846,839</b>	
<b>Accumulated depreciation/depletion</b>	<b>(2,817)</b>	<b>(2,774)</b>	<b>(3,379,779)</b>	<b>(3,304,885)</b>	
	<b>Annual depreciation rate (%)</b>				
Constructions and facilities	02 to 03	(2,817)	(2,774)	(463,676)	(444,132)
Machines and Equipment	05 to 20	-	-	(2,668,673)	(2,609,041)
Furniture and fixtures	07 to 10	-	-	(99,017)	(101,616)
Hardware	20 to 50	-	-	(99,565)	(100,026)
Reforestation	-	-	-	(26,162)	(25,745)
Others	-	-	-	(22,686)	(24,325)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</b>		<b>4,262</b>	<b>4,305</b>	<b>3,586,364</b>	<b>3,541,954</b>

**a) Summary of the movement in property, plant and equipment - consolidated:**

Classification of the PP&E	12/31/18	Transfer between classes	Acquisitions	Write-offs	Depreciation and depletion	Effect of exchange rate changes	06/30/19
Land	404,019	-	-	-	-	720	404,739
Constructions and facilities	1,025,582	22,333	7,504	(1,246)	(20,409)	(874)	1,032,890
Machines and Equipment	1,530,874	24,288	50,736	(8,829)	(109,946)	(3,359)	1,483,764
Furniture and fixtures	46,620	(1,225)	5,227	(267)	(4,387)	(187)	45,781
Hardware	27,357	(790)	9,880	(89)	(5,019)	(47)	31,292
Construction in progress	385,711	(44,366)	130,732	(100)	-	1,920	473,897
Reforestation	32,154	-	367	-	(417)	-	32,104
Advances to suppliers	67,920	(123)	(9,077)	-	-	980	59,700
Others	21,717	(117)	3,471	(710)	(2,193)	29	22,197
<b>TOTAL</b>	<b>3,541,954</b>	<b>-</b>	<b>198,840</b>	<b>(11,241)</b>	<b>(142,371)</b>	<b>(818)</b>	<b>3,586,364</b>

- b) Construction in progress** – the Company has investments in progress in property, plant and equipment items as at June 30, 2019 amounting to R\$ 473,897 (R\$ 385,711 as at December 31, 2018), and the most significant investments are in Mexico unit, which amount to R\$ 394,492 (R\$ 303,232 as at December 31, 2018).
- c) Amount offered as guarantee** – PP&E items were offered as guarantee of borrowings, financing, labor claims and tax lawsuits in the consolidated amount of R\$ 31,166 (R\$ 31,166 as at December 31, 2018).

### 13 LEASES

The Company adopted as from January 1, 2019 Technical Pronouncement CPC 06 (R2) (IFRS 16) Leases, which introduces a single model for the recording of leases for lessees in the balance sheet.

	<b>CONSOLIDATED</b>	
	<b>06/30/19</b>	<b>12/31/18</b>
Properties	199,192	-
Machinery and equipment	18,846	-
Hardware	1,394	-
Vehicles	10,127	-
<b>Total leases</b>	<b>229,559</b>	<b>-</b>
<b>Accumulated depreciation</b>	<b>(25,760)</b>	<b>-</b>
Properties	(21,095)	-
Machinery and equipment	(2,778)	-
Hardware	(154)	-
Vehicles	(1,733)	-
<b>TOTAL NET</b>	<b>203,799</b>	<b>-</b>

**a) The variation in leases is as follows:**

Class	12/31/18	Leases	Write-offs	Depreciation	Foreign Exchange	06/30/19
Properties	-	200,642	(2,364)	(21,858)	1,677	178,097
Machinery and equipment	-	18,256	(395)	(2,778)	985	16,068
Hardware	-	1,402	-	(154)	(8)	1,240
Vehicles	-	10,337	(221)	(1,733)	11	8,394
<b>TOTAL</b>	<b>-</b>	<b>230,637</b>	<b>(2,980)</b>	<b>(26,523)</b>	<b>2,665</b>	<b>203,799</b>

### 14 INTANGIBLE ASSETS - CONSOLIDATED

	Amortization / No. of years	Cost	Accumulated amortization	06/30/19	12/31/18
Software license	5	164,256	(120,852)	43,404	45,324
Property right	50 – 99	79,781	(20,818)	58,963	63,342
Trademarks and patents	5	44,127	(18,086)	26,041	27,063
Others	5	120,202	(63,752)	56,450	89,431
<b>Subtotal</b>		<b>408,366</b>	<b>(223,508)</b>	<b>184,858</b>	<b>225,160</b>
Goodwill on acquisition of subsidiaries	-	1,024,668	(21,352)	1,003,316	994,867
<b>TOTAL</b>		<b>1,433,034</b>	<b>(244,860)</b>	<b>1,188,174</b>	<b>1,220,027</b>

**a) Summary of the movement in intangible assets:**

	12/31/18	Transfer between classes	Additions	PPA TGM (b)	Write-offs	Amortization	Effect of exchange rate changes	06/30/19
Software license	45,324	(1,076)	4,620	-	(553)	(4,792)	(119)	43,404
Property right	63,342	(149)	-	-	(3,073)	(656)	(501)	58,963
Trademarks and patents	27,063	7,709	-	(401)	(1,826)	(6,420)	(84)	26,041
Others	89,431	(6,484)	6,361	(20,475)	-	(12,775)	392	56,450
<b>Subtotal</b>	<b>225,160</b>	<b>-</b>	<b>10,981</b>	<b>(20,876)</b>	<b>(5,452)</b>	<b>(24,643)</b>	<b>(312)</b>	<b>184,858</b>
Goodwill on acquisition of subsidiaries	994,867	-	-	14,275	-	-	(5,826)	1,003,316
<b>TOTAL</b>	<b>1,220,027</b>	<b>-</b>	<b>10,981</b>	<b>(6,601)</b>	<b>(5,452)</b>	<b>(24,643)</b>	<b>(6,138)</b>	<b>1,188,174</b>

**b) Purchase Price Allocation – PPA:**

In February 2019, the goodwill allocation was finalized based on the Purchase Price Allocation (PPA) report of TGM Indústria e Comércio de Turbinas e Transmisiones Ltda. As a result of this PPA, the amount of R\$ 125,186 was initially recognized as goodwill in the line items Intangible assets (R\$ 45,768) and Property, plant and equipment (R\$ 79,418) as a function of their fair value.

**c) Breakdown of goodwill generated on acquisition of subsidiaries:**

	06/30/19	12/31/18
Electric Machinery Company LLC	187,595	189,680
Bluffton Motor Works, LLC	156,331	158,069
TGM Ind. e Com, de Turbinas e Transm. Ltda.	116,516	102,240
Zest WEG Group Africa (PTY) Ltd.	81,669	81,368
Changzhou Sinya Electromotor Co., Ltd.	72,457	73,158
Trafo Equipamentos Elétricos S.A. (Merged)	62,827	62,827
WEG Transformadores Colombia S.A.S.	51,214	50,787
WEG-Cestari Redutores e Motorreductores S.A.	48,139	48,139
Stardur Tintas Especiais Ltda. (Merged)	43,402	43,402
Watt Drive Antriebstechnik GmbH	29,585	30,130
Changzhou Machine Master Co., Ltd, (Merged)	16,838	17,001
Others	136,743	138,066
<b>TOTAL</b>	<b>1,003,316</b>	<b>994,867</b>

**d) Amortization schedule of intangible assets (except goodwill):**

	06/30/19
2019	21,951
2020	23,200
2021	18,349
2022	16,309
2023	41,212
From 2024 onwards	63,837
<b>TOTAL</b>	<b>184,858</b>

**15 TRADE PAYABLES**

	CONSOLIDATED	
	06/30/19	12/31/18
<b>Balance breakdown:</b>		
Domestic market	323,919	325,527
External market	485,313	517,430
<b>TOTAL</b>	<b>809,232</b>	<b>842,957</b>

## 16 BORROWINGS AND FINANCING

Direct borrowings from BNDES are collateralized by the parent company WEG S.A. Direct borrowings from FINEP are collateralized by sureties and bank guarantees. FINAME transactions are collateralized by sureties and chattel mortgage. The covenants related to indicators of capitalization, which are exclusive to BNDES contracts, current liquidity and net debt/EBITDA ratio have been complied with.

Type	Annual charges at 06/30/2019	CONSOLIDATED	
		06/30/19	12/31/18
<b>IN LOCAL CURRENCY</b>			
<b>CURRENT</b>		<b>175,902</b>	<b>175,475</b>
<b>In Brazilian Reais, fixed rate</b>			
Working capital	3.5% to 11.0% p.a.	112,717	121,819
Property, plant and equipment	2.5% to 8.7% p.a.	2,666	2,674
<b>In Brazilian Reais, floating rate</b>			
Working capital	TJLP (+) 1.4% to 2.4% p.a.	57,385	47,543
Working capital	UFIR (+) 1.0% to 4.0% p.a.	545	431
<b>Others</b>			
Others	Sundry	2,589	3,008
<b>NONCURRENT</b>		<b>260,303</b>	<b>315,291</b>
<b>In Brazilian Reais, fixed rate</b>			
Working capital	3.5% to 11.0% p.a.	100,533	126,021
Property, plant and equipment	2.5% to 8.7% p.a.	7,620	8,947
<b>In Brazilian Reais, floating rate</b>			
Working capital	TJLP (+) 1.4% to 2.4% p.a.	146,822	173,567
Working capital	UFIR (+) 1.0% to 4.0% p.a.	1,718	1,888
<b>Others</b>			
Others	Sundry	3,610	4,868
<b>IN FOREIGN CURRENCY</b>			
<b>CURRENT</b>		<b>1,310,757</b>	<b>1,873,618</b>
<b>In US Dollar</b>			
Working capital (ACCs)	US\$ variation (+) 2.82% p.a.	23,783	-
Export prepayment (PPE)	US\$ variation (+) Libor (+) 1.0% to 1.2% p.a.	327,492	1,368,342
<b>In US Dollar</b>			
Working capital	Libor (+) 0.7% p.a. to 1.4% p.a.	206,913	240,369
<b>In Euros</b>			
Working capital	Euribor (+) 0.12% to 0.36% p.a.	567,371	74,169
<b>In Mexican Pesos</b>			
Working capital	TIIE (+) 1.10% to 1.45% p.a.	65,914	68,368
<b>In Rand (South Africa)</b>			
Working capital	8.25% to 9.25% p.a.	97,632	94,007
<b>Other currencies</b>			
Working capital	Domestic market rates	21,652	28,363
<b>NONCURRENT</b>		<b>1,163,873</b>	<b>1,407,730</b>
<b>In US Dollar</b>			
Export prepayment (PPE)	US\$ variation (+) Libor (+) 1.0% to 1.5% p.a.	-	91,519
<b>In US Dollar</b>			
Working capital	Libor (+) 1.4% p.a.	960,793	973,434
<b>In Euros</b>			
Working capital	Euribor (+) 1.9% p.a.	7,427	37,571
<b>In Mexican Pesos</b>			
Working capital	TIIE (+) 1.10% to 1.45% p.a.	192,533	302,086
<b>In Rand (South Africa)</b>			
Working capital	8.25% to 9.25% p.a.	2,468	2,415
<b>Other currencies</b>			
Working capital	Domestic market rates	652	705
<b>TOTAL BORROWINGS AND FINANCING</b>		<b>2,910,835</b>	<b>3,772,114</b>
TOTAL CURRENT		1,486,659	2,049,093
TOTAL NONCURRENT		1,424,176	1,723,021

Maturity of noncurrent borrowings and financing:

	06/30/19	12/31/18
2020	85,069	236,591
2021	410,592	416,441
2022	687,547	694,057
2023	34,164	28,764
From 2024 onwards	206,804	347,168
<b>TOTAL</b>	<b>1,424,176</b>	<b>1,723,021</b>

## 17 PROVISION FOR CONTINGENCIES

The Company and its subsidiaries are parties to administrative and judicial proceedings involving tax, labor and civil matters arising from the normal activities of their businesses. The corresponding provisions were recorded for proceedings the likelihood of loss of which was rated as “probable” based on the estimate of value at risk determined by the Company’s legal counsel. The Company’s management estimates that the provision for contingencies recognized is sufficient to cover any losses on ongoing proceedings,

### a) Balance of provision for contingencies:

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
<b>(i) Tax:</b>	<b>4,730</b>	<b>4,730</b>	<b>208,104</b>	<b>203,493</b>
- IRPJ and CSLL (a,1)	-	-	83,092	80,889
- INSS (a,2)	4,730	4,730	54,235	52,146
- PIS and COFINS (a,3)	-	-	61,874	60,113
- Others	-	-	8,903	10,345
<b>(ii) Labor</b>	-	-	<b>258,899</b>	<b>260,689</b>
<b>(iii) Civil</b>	-	-	<b>70,853</b>	<b>81,081</b>
<b>(iv) Others</b>	-	-	<b>4,344</b>	<b>2,374</b>
<b>TOTAL</b>	<b>4,730</b>	<b>4,730</b>	<b>542,200</b>	<b>547,637</b>

### b) Statement of the movement for the year - consolidated:

	12/31/18	Additions	Interest	Write-offs	Reversals	06/30/19
a) Tax	203,493	5,967	4,053	-	(5,409)	208,104
b) Labor	260,689	15,724	9,141	(8,150)	(18,505)	258,899
c) Civil	81,081	7,813	660	(18,218)	(483)	70,853
d) Others	2,374	2,087	-	(117)	-	4,344
<b>TOTAL</b>	<b>547,637</b>	<b>31,591</b>	<b>13,854</b>	<b>(26,485)</b>	<b>(24,397)</b>	<b>542,200</b>

### c) The provisions recognized refer mainly to:

#### (i) Tax contingencies

- (a.1) Refers to the proceeding regarding the difference of the IPC (Consumer Price Index) for January 1989 (“Plano Verão”) on the 16.24% inflation adjustment and the proceeding on the deduction from the calculation basis of 2011 RD&I Project expenditures (“Lei do Bem” – Innovation Tax Incentive Law).
- (a.2) Refers to contribution due to the Social Security. The litigation refers to social security charges levied on private pension plan, profit sharing, education allowance, among others.
- (a.3) Refers to non-approval by the Brazilian Federal Revenue Office of the request for offset of the credit balance of PIS and COFINS against federal tax debts.

#### (ii) Labor contingencies

The Company and its subsidiaries are defendants in labor claims primarily involving discussions about health and risk exposure, among others,

#### (iii) Civil contingencies

Refer mainly to civil lawsuits, including pain and suffering, aesthetic damage, occupational diseases and indemnities arising from occupational accidents,

### d) Escrow deposits:

	PARENT		CONSOLIDATED	
	06/30/19	12/31/18	06/30/19	12/31/18
Tax	4,657	4,657	37,844	37,844
Labor and civil	-	-	23,282	16,398
Others	-	-	6,741	1,221
<b>TOTAL RESTRICTED DEPOSITS</b>	<b>4,657</b>	<b>4,657</b>	<b>67,867</b>	<b>55,463</b>
- Non-restricted escrow deposits	-	-	2,682	2,905
<b>TOTAL ESCROW DEPOSITS</b>	<b>4,657</b>	<b>4,657</b>	<b>70,549</b>	<b>58,368</b>

The escrow deposits not restricted to contingencies are awaiting court authorization for withdrawal.

**e) Contingencies assessed as possible losses:**

The Company and its subsidiaries are parties to other lawsuits for which the likelihood of loss is classified as “possible” and for which no provision for contingencies was recognized.

As at June 30, 2019, the estimated amount of these lawsuits amounted to R\$ 223,592 (R\$ 165,275 as at December 31, 2018).

**(i) Tax**

- Taxation on profits earned abroad in total estimated amount of R\$ 98.9 million (R\$ 43.2 million as at December 31, 2018);
- Levy of ICMS-ST on purchases of raw material in the amount of R\$ 25.7 million (R\$ 25.3 million as at December 31, 2018);
- Levy of social security contribution on dental care, education allowance, technical courses and salary premium for education in the amount of R\$ 23.0 million (R\$ 23.4 million as at December 31, 2018);
- Non-approval of IPI credits in the amount of R\$ 14.4 million (R\$ 14.2 million as at December 31, 2018); and
- Other tax contingencies in the amount of R\$ 37.9 million (R\$ 36.5 million as at December 31, 2018).

**(ii) Civil**

- São Fernando Energia Ltda. in the estimated amount of R\$ 14.9 million (R\$ 14.9 million as at December 31, 2018);
- Other civil lawsuits in the amount of R\$ 8.8 million (R\$ 7.8 million as at December 31, 2018).

**18 PRIVATE PENSION PLAN**

The Company and its subsidiaries are sponsors of WEG Seguridade Social, which has as main purpose to supplement the retirement benefits offered by the official social security system.

The Plan, administered by WEG Seguridade Social, includes monthly income benefits (retirement), annual bonus, supplemental sickness benefit, supplemental disability retirement, supplemental pension, supplemental annual bonus and death benefit.

The number of participants is 19,611 (19,442 as at June 30, 2018), The Company and its subsidiaries made contributions in the amount of R\$ 18,172 (R\$ 16,810 as at June 30, 2018).

Based on actuarial calculations made by independent actuaries in order to define the net liability value between the defined benefit obligation and the fair value of the plan assets, pursuant to the procedures established by CVM Resolution No. 695/12 – CPC 33 (R1) Employee Benefits, there are sufficient contributed amounts to ensure full payment of the plan commitments and there is no post-employment liability to be recognized by the Company.

**19 EQUITY****a) Issued capital**

The Company's capital is R\$ 5,504,517 (R\$ 5,504,517 as at December 31, 2018), comprising 2,098,658,999 registered book-entry common shares with no par value, all with voting rights, including the 1,223,905 shares held in treasury pursuant to item “c”.

**b) Shareholder compensation****b.1) Interest on capital**

In the first half of 2019, the Company declared interest on capital in the gross amount of R\$ 187,284 (net of R\$ 159,191), corresponding to R\$ 0.07590 per share, already deducting the withholding income tax, pursuant to the following approvals of the Board of Directors:

I. On March 19, 2019 the Company declared interest on capital in the gross amount of R\$ 97,341 (R\$ 84,637 in March 2018), net of R\$ 82,740 (R\$ 71,942 in March 2018) corresponding to R\$ 0.03945 per share, already deducting the withholding income tax of 15% pursuant to § 2, Article 9 of Law 9,249/95, except for corporate shareholders who are exempt from this tax.



II. On June 25, 2019, the Company declared interest on capital in the gross amount of R\$ 89,943 (R\$ 82,156 in June 2018), net of R\$ 76,452 (R\$ 69,833 in June 2018), corresponding to R\$ 0.03645 per share, already deducting the withholding income tax of 15%, pursuant to paragraph 2 of Article 9 of Law 9,249/95, except for corporate shareholders who are exempt from this tax.

Under Article 37 of the Company's Bylaws and Article 9 of Law 9,249/95, interest on capital will be attributed to the mandatory dividends and will be paid on August 14, 2019.

#### **b.2) Interim dividends**

The Board of Executive Officers shall submit to the approval of the Board of Directors a proposal for distribution of interim dividends on the results for the first half of 2019 in the amount of R\$ 186,888 (R\$ 0.08910 per share). The proposed amount is recorded in line item Proposed Dividends in Equity.

The total gross amount of interim dividends and interest on capital payable is R\$ 374.2 million (net of R\$ 346.1 million), equivalent to 53.8% of the profit for the period (net 49.73%).

#### **c) Treasury shares**

The shares acquired by the Company are held in treasury to be used by the beneficiaries of the Company's Stock Option Plan and Long-Term Incentive Plan or subsequent cancellation or disposal.

Until June 30, 2019, the beneficiaries of the Company's Stock Option Plan and Plan ILP exercised 270,378 shares. The Company holds in treasury 1,223,905 shares at the average cost of R\$ 10.21 per share, in the total amount of R\$ 12,499 (R\$ 15,261 as at December 31, 2018).

## **20 LONG-TERM INCENTIVE PLAN (LTIP)**

The Extraordinary General Meeting (EGM) held on June 28, 2016 approved the share-based compensation plan called Long-term incentive plan (LTIP Plan) for its Management and officers.

#### **(i) Plan**

The Plan is managed by the Board of Directors and is aimed at granting shares issued by WEG S.A. (Company), classified as "WEGE3" on B3, to its management and officers in order to attract, motivate and retain them, as well as align their interests to those of the Company and its shareholders.

For the LIP Plan application in each year, and the consequent granting of shares, an essential condition (trigger) is that the Company has obtained, in the immediately preceding year, at least 10% of Return on Invested Capital (ROIC).

The shares to be granted under LIP Plan are limited to a maximum of 2% (two percent) of the total shares representing the Company's capital.

The number of shares granted to the participants is included in clauses 7 and 8 of the LIP Plan, which establishes the criteria for the number of shares to be granted and the vesting period to be complied with.

The Plan may be discontinued, suspended or altered at any time, upon a proposal approved by the Company's Board of Directors.

#### **(ii) Program**

The Board of Directors may approve, annually, Long-Term Incentive Programs ("Programs") in which the participants, number of shares, value of share, and other rules specific to each Program will be defined.

## Programs

The program participants are the officers of the Company and of its subsidiaries based in Brazil, excluding the officers of subsidiaries with third party participation.

The weighted average fair value was determined based on the Black-Scholes-Merton method:

The programs were updated on April 24, 2018, due to the bonus of 30% (thirty percent) on the number of shares, including the new market values in the strike price and the increase in shares for the number of shares granted. This update does not represent an impact in the calculation performed at the beginning of the Program.

Program	Shares Granted		Average calculation - Black-Scholes-Merton Method				
	Number	Share value (R\$)	Installment lifespan - in days	Expected volatility in share value (%)	Current share value at grant date (R\$)	Share value (R\$)	Expense to be recognized during the plan period (R\$ thousand)
2016	354,167	11.95	520 – 1,022	25.6	13.15	16.75	5,932
2017	297,069	19.25	525 – 1,025	29.0	18.01	24.18	7,183
2018	331,010	18.72	522 – 1,027	27.9	18.79	24.19	8,007

The expenses are recognized over the vesting period established by the LIP (Long-Term Incentive Plan).

Summary of the variation of the plan's shares:

Program	12/31/18	Granted	Exercised	Number of shares
				06/30/19
2016	354,167	-	(99,706)	254,461
2017	297,069	-	(7,948)	289,121
2018	-	331,010	(8,717)	322,293
<b>TOTAL</b>	<b>651,236</b>	<b>331,010</b>	<b>(116,371)</b>	<b>865,875</b>

In the first semester of 2019, expenses in the amount of R\$ 3,947 (R\$ 2,292 as at June 30, 2018) were recognized in line item "Other operating income (expenses)" in the income statement against capital reserve in equity.

The shares exercised in the first quarter of 2019 amounted to R\$ 2,488, with R\$ 2,907 recognized as capital reserve in equity and R\$ 419 in reversal to the accrued amount recorded in line item Other operating income (expenses) in the income statement.

## 21 STOCK OPTION PLAN

The EGM held on June 28, 2016 approved the discontinuance of the Company's Stock Option Plan which had been approved at the EGM of February 22, 2011, and subsequent amendments, complying with the agreements that had already been entered into and not yet completed.

The programs were updated on April 24, 2018, due to the bonus of 30% (thirty percent) on the number of shares, increasing the number of shares granted. This update does not represent an impact in the calculation performed at the beginning of the Program.

Summary of the movement of the plan's shares:

Program	Number of shares		
	12/31/18	Exercised	06/30/19
April/13	14,266	(14,266)	-
September/13	7,007	-	7,007
March/14	113,299	(60,565)	52,734
August/14	28,598	(3,812)	24,786
March/15	115,106	(52,450)	62,656
August/15	149,897	(12,394)	137,503
March/16	201,080	(42,380)	158,700
<b>TOTAL</b>	<b>629,253</b>	<b>(185,867)</b>	<b>443,386</b>

The expenses on stock options are recognized over the vesting period.

In the first semester of 2019, expenses in the amount of R\$ 155 (R\$ 371 as at June 30, 2018) were recognized in line item "Other operating income (expenses)" in the income statement against capital reserve in equity.

The options exercised as at March 31, 2019 amounted to R\$ 1,266 (R\$ 868 as at June 30, 2018), The amount of R\$ 753 (R\$ 452 as at June 30, 2018) was recognized in line item capital reserve, in equity, and the amount of R\$ 513 (R\$ 416 as at June 30, 2018) related to the complement of the accrued amount was recorded in the retained earnings account.

## 22 NET REVENUE

BREAKDOWN OF NET REVENUE	CONSOLIDATED	
	06/30/19	06/30/18
<b>Gross revenue</b>	<b>7,048,760</b>	<b>6,368,247</b>
Domestic market	3,192,409	3,044,469
External market	3,856,351	3,323,778
<b>Deductions</b>	<b>(829,776)</b>	<b>(760,123)</b>
Taxes	(701,938)	(657,836)
Returns and rebates	(127,838)	(102,287)
<b>Net revenue</b>	<b>6,218,984</b>	<b>5,608,124</b>
Domestic market	2,541,824	2,447,493
External market	3,677,160	3,160,631

## 23 CONSTRUCTION CONTRACTS

The revenues and costs from construction contracts are recognized according to the percentage of completion method, based on the costs incurred, considering the legal possibility of requiring the payment by the customer or delivery of the product to the customer (transfer of control).

	CONSOLIDATED	
	06/30/19	06/30/18
Gross operating revenues recognized	512,522	690,071
Costs incurred	(429,100)	(590,868)
	<b>06/30/19</b>	<b>12/31/18</b>
Advances received	83,463	63,974

**24 OPERATING EXPENSES BY NATURE AND FUNCTION**

	<b>CONSOLIDATED</b>	
	<b>06/30/19</b>	<b>06/30/18</b>
<b>EXPENSES BY NATURE</b>	<b>(5,416,356)</b>	<b>(4,913,409)</b>
Depreciation, amortization and depletion	(193,536)	(150,217)
Personnel expenses	(1,484,089)	(1,273,200)
Raw materials and consumables	(2,773,549)	(2,648,957)
Freight and insurance expenses	(178,488)	(142,051)
Other expenses	(786,694)	(698,984)
<b>EXPENSE BY FUNCTION</b>	<b>(5,416,356)</b>	<b>(4,913,409)</b>
Cost of sales and services	(4,416,111)	(4,005,542)
Selling expenses	(587,074)	(526,726)
General and administrative expenses	(261,822)	(262,005)
Management fees	(13,269)	(12,471)
Other operating income (expenses)	(138,080)	(106,665)

**25 OTHER OPERATING INCOME (EXPENSES)**

The amounts recorded refer to profit sharing, reversal of/provision for tax lawsuits and others, as shown below:

	<b>CONSOLIDATED</b>	
	<b>06/30/19</b>	<b>06/30/18</b>
<b>OTHER OPERATING INCOME</b>	<b>10,501</b>	<b>12,776</b>
<b>OTHER OPERATING EXPENSES</b>	<b>(148,581)</b>	<b>(119,441)</b>
Profit sharing – employees	(96,813)	(84,549)
Profit sharing – foreign subsidiaries	(18,658)	(11,256)
Profit sharing – management	(13,030)	(10,091)
Others	(20,080)	(13,545)
<b>TOTAL, NET</b>	<b>(138,080)</b>	<b>(106,665)</b>

**26 FINANCE INCOME (COSTS), NET**

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>06/30/19</b>	<b>06/30/18</b>	<b>06/30/19</b>	<b>06/30/18</b>
<b>FINANCE INCOME</b>	<b>18,071</b>	<b>22,371</b>	<b>538,042</b>	<b>379,149</b>
<b>Income from short-term investments</b>	<b>35,295</b>	<b>37,151</b>	<b>105,964</b>	<b>178,106</b>
<b>Exchange rate changes</b>	-	-	<b>306,564</b>	<b>183,440</b>
Exchange rate changes - Trade payables	-	-	22,429	27,880
Exchange rate changes - Trade receivables	-	-	62,765	99,973
Exchange rate changes – Borrowings	-	-	189,595	34,065
Exchange rate changes – Others	-	-	31,775	21,522
<b>PIS/COFINS on interest on capital</b>	<b>(16,067)</b>	<b>(13,783)</b>	<b>(16,067)</b>	<b>(13,783)</b>
<b>PIS/COFINS on finance income</b>	<b>(1,662)</b>	<b>(1,757)</b>	<b>(6,062)</b>	<b>(10,225)</b>
<b>Derivatives</b>	-	-	<b>123,577</b>	<b>(12,174)</b>
<b>PROEX - Equaliz, Interest rate</b>	-	-	<b>5,919</b>	<b>10,657</b>
<b>Other income</b>	<b>505</b>	<b>760</b>	<b>18,147</b>	<b>43,128</b>
<b>FINANCE EXPENSES</b>	<b>(327)</b>	<b>(162)</b>	<b>(578,703)</b>	<b>(357,685)</b>
<b>Interest on borrowings and financing</b>	-	-	<b>(98,984)</b>	<b>(116,964)</b>
<b>Exchange rate changes</b>	-	-	<b>(408,779)</b>	<b>(171,150)</b>
Exchange rate changes - Trade payables	-	-	(19,034)	(43,791)
Exchange rate changes - Trade receivables	-	-	(60,100)	(47,878)
Exchange rate changes – Borrowings	-	-	(288,475)	(60,010)
Exchange rate changes – Others	-	-	(41,170)	(19,471)
<b>Derivatives</b>	-	-	<b>(35,716)</b>	<b>(42,651)</b>
<b>Other expenses</b>	<b>(327)</b>	<b>(162)</b>	<b>(35,224)</b>	<b>(26,920)</b>
<b>FINANCE INCOME (EXPENSES), NET</b>	<b>17,744</b>	<b>22,209</b>	<b>(40,661)</b>	<b>21,464</b>

## 27 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

The Company and its subsidiaries in Brazil calculate income tax and social contribution based on taxable income, except for WEG Administradora de Bens Ltda. and Agro Trafo Miner., Agric., Pec. e Administradora de Bens S.A., which adopt the calculation based on the deemed income. The provision for income tax was recognized at a 15% rate, plus a 10% surtax, and the social contribution at a 9% rate. The taxes of foreign subsidiaries are recognized according to the legislation of each country,

Reconciliation of income tax and social contribution:	PARENT		CONSOLIDATED	
	06/30/19	06/30/18	06/30/19	06/30/18
Profit before taxes on income	695,247	621,159	764,806	716,472
<b>Statutory rate</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>
IRPJ and CSLL calculated at statutory rate	(236,384)	(211,194)	(260,034)	(243,600)
<b>Adjustments for calculation of income tax and social contribution at effective rate:</b>				
Income from investments in subsidiaries	232,258	205,887	3,075	(104)
Difference in rates on income abroad	-	-	90,088	58,125
Tax incentives	-	-	46,740	40,795
Reintegra (Special Regime for Refund of Taxes paid by Export Companies)	-	-	408	6,486
Interest on capital	4,619	6,049	63,677	56,710
Other adjustments	111	(292)	(5,293)	(7,700)
<b>IRPJ and CSLL in the income statement</b>	<b>604</b>	<b>450</b>	<b>(61,339)</b>	<b>(89,288)</b>
Current tax	(155)	(208)	(80,938)	(99,698)
Deferred tax	759	658	19,599	10,410
<b>Effective rate - %</b>	<b>-0.09%</b>	<b>-0.07%</b>	<b>8.02%</b>	<b>12.46%</b>

## 28 INSURANCE COVERAGE

The Company and its subsidiaries have a Worldwide Insurance Program - WIP, in which the following world policies established stand out: Transport (Export, Import and Domestic), Civil Liability for Products, Civil Liability of Directors and Officers (D&O), Property/Operational Risks, Environment Pollution, Performance Bond and Engineering Risk (Construction, Installation, Assembly and Commissioning).

The insurance policies are taken only with first-tier multinational insurance companies.

Below we highlight the Indemnity Limits (LMI) of the policies comprising the WIP:

Insurance policy	Maximum Insured Amount (MIA)	Maturity
Operational risks (Equity)	US\$ 36 million	03/31/2020
Loss of Profits	US\$ 10.3 million (for Paint companies and newly acquired companies for the first 12 months with an indemnity period of 6 months)	03/31/2020
General Civil liability	US\$ 10 million	09/12/2020
Civil Liability for Products	US\$ 40 million	09/12/2020
Domestic Transport	R\$ 12 million per shipment/accumulation/trip	11/01/2019
International Transport - Export/Import	US\$ 5 million per shipment/accumulation/trip	11/01/2019
Environmental Pollution	US\$ 20 million	09/12/2020
Contractual Performance Bond	As stipulated in the contract	As per the agreement / delivery
Engineering, Installation and Assembly Risk	According to the value at risk of the contracts, limited to R\$ 200 million in Brazil, US\$ 30 million in Latin America (except Cuba) and US\$ 5 million in the USA;	As per the construction schedule / supply
Civil Liability of Directors & Officers (D&O)	US\$ 30 million	3/12/2020

## 29 FINANCIAL INSTRUMENTS

The Company and its subsidiaries performed the valuation of its financial instruments, including derivatives recorded in the interim financial statements, presenting the following values:

	<b>CARRYING AMOUNT</b>	
	<b>06/30/19</b>	<b>12/31/18</b>
<b>Cash and cash equivalents</b>	<b>1,843,868</b>	<b>2,205,700</b>
<b>Cash and banks</b>	<b>276,410</b>	<b>286,783</b>
<b>Short-term investments:</b>	<b>1,567,458</b>	<b>1,918,917</b>
- In local currency	1,537,920	1,870,749
- In foreign currency	29,538	48,168
<b>Short-term investments</b>	<b>1,512,643</b>	<b>1,886,970</b>
<b>Derivatives</b>	<b>192,648</b>	<b>390,696</b>
- <i>Non-Deliverable Forwards – NDF</i>	5,501	9,192
- <i>Hedge accounting</i>	187,147	381,504
<b>Total – Assets</b>	<b>3,549,159</b>	<b>4,483,366</b>
<b>Borrowings and financing</b>	<b>2,910,835</b>	<b>3,772,114</b>
- In local currency	436,205	490,766
- In foreign currency	2,474,630	3,281,348
<b>Derivatives</b>	<b>9,399</b>	<b>20,194</b>
- <i>Non-Deliverable Forwards – NDF</i>	1,006	9,201
- <i>SWAP</i>	7,614	8,124
- <i>Hedge accounting</i>	779	2,869
<b>Total – Liabilities</b>	<b>2,920,234</b>	<b>3,792,308</b>

### 29.1 Risk factors

The risk factors of the financial instruments are basically related to:

#### a) Credit risks

Arises from the possibility of the Company's subsidiaries not receiving amounts from sales or credits held with financial institutions generated by financial investments. To mitigate the risk of the sales transactions, the Company's subsidiaries adopt a policy of analyzing the financial position of their customers, establishing a credit limit and performing an ongoing monitoring of their debt balance. As regards the financial investments, the Company and its subsidiaries invest with institutions with low credit risk.

#### b) Foreign currency risks

The Company and its subsidiaries conduct import and export transactions in various currencies, they manage and monitor the exchange exposure seeking to balance their financial assets and liabilities within the limits established by Management.

The limit of exchange exposure sold (net) may be equivalent to up to two months of exports in foreign currencies as established by the Company's Board of Directors.

As at June 30, 2019, the Company and its subsidiaries made exports in the amount of US\$ 379.0 million (US\$ 354.7 million as at June 30, 2018), representing a natural hedge for part of the indebtedness and other costs associated to other currencies, mainly the US dollar.

#### c) Debt charge risks

These risks arise from the possibility that the subsidiaries may incur losses due to fluctuations in interest rates or other debt indexes, which would increase the finance costs related to borrowings and financing raised in the market, or decrease the finance income related to short-term investments of subsidiaries. The Company and its subsidiaries perform an ongoing monitoring of the market interest rates aiming at assessing the need for hedging against the risk of volatility of these rates.

## 29.2, Derivative financial instruments

The Company and its subsidiaries have the following derivative transactions:

### a) Non-Deliverable Forwards - NDF, in the notional amount of:

- (i) US\$ 114.3 million, held by its subsidiary WEG Holding GmbH, with the purpose of hedging its intercompany financing transactions against the risks of fluctuations in exchange rates;
- (ii) US\$ 37.0 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of partially hedging its exports against the risks of fluctuations in exchange rates;  
US\$ 6.0 million, held by its subsidiary Zest WEG Group Africa (Pty) Ltd, aiming at hedging its product imports against the risks of fluctuations in exchange rates;
- (iii) EUR 11.0 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of partially hedging its exports against the risks of fluctuations in exchange rates;
- (iv) EUR 13.8 million, held by its subsidiary WEG Colombia S.A.S., with the purpose of hedging its financing transactions against the risk of appreciation in the Euro rate,

### b) Swap transactions, in the notional amount of:

EUR 10 million, held by its subsidiary Watt Drive Antriebstechnik GmbH, with the purpose of hedging its financing against the risks of fluctuation of the Euribor;

The management of the Company and its subsidiaries maintain an ongoing monitoring of the derivative financial instruments contracted, through their internal controls.

The sensitivity analysis table (item 29,3) should be read jointly with the other financial assets and liabilities expressed in foreign currency as at June 30, 2019 since the estimated effects of the exchange rates on NDFs and swaps will be offset, if materialized, in whole or in part, against the devaluation of all assets and liabilities.

Management defined that, for the probable scenario (market value), the exchange rates used to mark to market the financial instruments, valid at June 30, 2019, should be considered. These rates represent the best estimate of the future behavior of their prices and represent the amount by which the positions could be settled on their maturity.

The Company and its subsidiaries made the recording based on their market price at June 30, 2019 at fair value and on the accrual basis. These transactions had a net positive impact of R\$ 87,861 (negative R\$ 54,825 as at June 30, 2018) which were recognized as finance income (cost). The Company and its subsidiaries have no margins given in guarantee for the derivative financial instruments outstanding at June 30, 2019.

### c) Financial Derivatives instruments designated for hedge accounting:

The Company made the formal designation of its transactions subject to hedge accounting for hedging derivative instruments related to purchase of inputs and expenses denominated in foreign currency, documenting:

- Date of designation and identification of the hedging relationship;
- Description of the purpose of hedging and risk management strategy;
- Statement of compliance with respect to hedge and risk management;
- Description and identification of the derivative instrument and the hedged item;
- Description of the hedged risks and excluded risks;
- Description of the method to evaluate the hedge effectiveness;
- Frequency of prospective and retrospective effectiveness assessment;
- Description of the hedge accounting policy.

(i) Non-Deliverable Forwards - NDF The Company and its subsidiaries have hedge accounting transactions in order to hedge imports of inputs against the risks of fluctuations in exchange rates, in the notional amount of US\$ 8.5 million and EUR 4.3 million as at June 30, 2019, held by its subsidiary WEG Equipamentos Elétricos S.A.

(ii) SWAP The Company and its subsidiaries have hedge accounting transactions as at June 30, 2019, in order to hedge the financing of Export Prepayment (PPE) in the notional amount of US\$ 334.3 million, held by its subsidiary WEG Equipamentos Elétricos S.A.

The Company and its subsidiaries made the recording based on their fair value as at June 30, 2019 on the accrual basis, The accumulated value, net of taxes, recognized in equity is R\$ 4,570 negative (R\$ 18,657 negative at December 31, 2018).

### 29.3. Sensitivity analysis

The tables below present in reads the effects of "cash and expense" relating to the results of the financial instruments in each of the scenarios.

#### a) Financing:

Transaction	Risk	Currency	Notional value (in thousands)	Market value at 06/30/2019		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ thousand	Average price	In R\$ thousand	Average price	In R\$ thousand
Financing	Increase in TJLP (*)	R\$	204,207	Rate 6.26% p.a.	(12,783)	Rate 7.83% p.a.	(15,989)	Rate 9.39% p.a.	(19,175)
	<b>TOTAL</b>				<b>(12,783)</b>				

(\*) Sensitivity analysis of the variations in financing: The Company's risk in the event of increase in interest rate, considering static the position of financing based on TJLP at June 30, 2019.

#### b) Non-Deliverable Forwards - NDF transactions:

Transaction	Risk	Currency	Notional value (In thousands)	Market value at 06/30/2019		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ thousand	Average price	In R\$ thousand	Average price	In R\$ thousand
Non Deliverable Forwards - NDF	Increase in Dollar	US\$/R\$	37,043	3.8954	1,527	4.8692	(34,546)	5.8431	(70,620)
	Decrease in Dollar	US\$/ZAR	6,012	11.3347	(357)	8.5010	(5,001)	5.6673	(9,616)
	Decrease in Dollar	US\$/EUR	114,300	1.1420	2,549	0.8565	(125,660)	0.5710	(381,461)
	Decrease in Interest	US\$/AUD	140	1.4200	(7)	1.0700	(126)	0.7100	(260)
	<b>Total Dollar</b>		<b>157,495</b>		<b>3,712</b>				
	Decrease in Euro	EUR/ZAR	634	16.4214	(12)	12.1488	(691)	8.1005	(1,387)
	Increase in Euro	EUR/R\$	11,000	4.4282	1,178	5.5353	(11,000)	6.6423	(23,178)
	Decrease in Euro	EUR/COP	13,768	3,735.6319	(346)	2,775.9642	(15,628)	1,850.4480	(30,912)
	<b>Total Euro</b>		<b>25,402</b>		<b>820</b>				
	Increase in Australian Dollar	AUD/EUR	1,000	1.6490	1	1.2368	(775)	0.8245	(2,325)
	Increase in Australian Dollar	AUD/ZAR	1	0.0776	(1)	0.0582	(5)	0.0388	(7)
	<b>Total Australian Dollar</b>		<b>1,001</b>		<b>-</b>				
	Decrease in Pound	GBP/ZAR	144	19.2730	(21)	14.4548	(167)	9.6365	(354)
	<b>Total Pound</b>		<b>144</b>		<b>(21)</b>		<b>(167)</b>		<b>(354)</b>
	Decrease in Singapore Dollar	SGD/EUR	2,348	1.5666	(43)	1.1749	(1,953)	0.7833	(5,783)
	<b>Total Singapore Dollar</b>		<b>2,348</b>		<b>(43)</b>				
	Decrease in Ringgit Malaio	MYR/EUR	5,000	4.7541	27	3.5656	(1,320)	2.3770	(4,008)
<b>Total Ringgit Malaio</b>				<b>27</b>					
<b>TOTAL</b>					<b>4,495</b>				



## c) SWAP transactions:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2019		Possible Scenario 25%		Remote Scenario 50%	
				Average Price	In R\$ thousands	Average Price	In R\$ thousands	Average Price	In R\$ thousands
SWAP	Decrease of Euribor	EUR	10,000	Interest - 0.60% p.a.	(7,614)	Interest - 0.75% p.a.	(7,840)	Interest - 0.90% p.a.	(8,066)
	<b>TOTAL</b>				<b>(7,614)</b>				<b>(8,066)</b>

## d) Hedge accounting transactions:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 06/30/2019		Possible Scenario 25%		Remote Scenario 50%	
				Average Price	In R\$ thousands	Average Price	In R\$ thousands	Average Price	In R\$ thousands
NDF	Decrease in Dollar	US\$/R\$	8,468	3.8467	(477)	2.8850	(8,620)	1.9234	(16,763)
	Decrease in Euro	EUR/R\$	4,267	4.4380	(302)	3.3285	(5,037)	2.2190	(9,772)
	<b>TOTAL</b>				<b>(779)</b>				

## 30 GOVERNMENT SUBSIDIES AND GRANTS

The Company and its subsidiaries obtained subsidies in the amount of R\$ 58,824 (R\$ 45,918 as at June 30, 2018) arising from tax incentives, recognized in profit or loss for the period:

	<b>CONSOLIDATED</b>	
	<b>06/30/19</b>	<b>06/30/18</b>
<b>Total government subsidies and grants</b>	<b>58,824</b>	<b>45,918</b>
<b>a) WEG Linhares Equipamentos Elétricos S.A.</b>	<b>22,810</b>	<b>18,615</b>
- ICMS (state VAT) incentive credit of 85.0%	16,996	13,547
- 75.0% reduction of IRPJ	5,802	4,896
- Decrease due to reinvestment of 30.0%	-	160
- Municipal investment	12	12
<b>b) WEG Drives &amp; Controls – Automata Ltda.</b>	<b>26,400</b>	<b>18,701</b>
- ICMS incentive credit	26,400	18,701
<b>c) WEG Logística Ltda.</b>	<b>7,215</b>	<b>6,815</b>
- ICMS incentive credit	7,215	6,815
<b>d) WEG Amazônia S.A.</b>	<b>1,426</b>	<b>845</b>
- ICMS (state VAT) incentive credit of 90.25%	202	247
- 75.0% reduction of IRPJ	1,224	598
<b>e) WEG Equipamentos Elétricos S.A.</b>	<b>973</b>	<b>942</b>
- Municipal investment	973	942

There are no contingencies related to the subsidies, and all the conditions for obtaining government subsidies have been met.

### 31 SEGMENT INFORMATION

	Brazil				Abroad		Eliminations and Adjustments		Consolidated	
	Industry		Energy		06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
	06/30/2019	06/30/2018	06/30/2019	06/30/2018						
Revenue from Sale of Products and/or Services	3,218,702	2,738,623	998,338	1,132,134	3,851,093	3,261,282	(1,849,149)	(1,523,915)	6,218,984	5,608,124
Profit (loss) before taxes on Income	1,232,145	970,167	327,318	420,317	495,277	384,723	(1,289,934)	(1,058,735)	764,806	716,472
Depreciation/Amortization/Depletion	73,282	67,639	40,042	26,090	84,912	56,488	(4,700)	-	193,536	150,217
	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Identifiable Assets	3,699,010	3,518,281	1,661,936	1,785,329	6,722,899	6,367,858	(1,168,248)	(976,382)	10,915,597	10,695,086
Identifiable Liabilities	1,087,394	970,906	763,438	953,258	1,571,973	1,495,515	(586,910)	(465,010)	2,835,895	2,954,669

**Industry:** single and three phase low/medium voltage motors, gearboxes and geared motors, drives and controls, industrial automation equipment and services, power sockets and switches, electric traction solutions for heavy vehicles, SUV vehicles, locomotives, and sea transportation electric propelling, paint & varnish.

**Energy:** electric generators for thermal and hydraulic power plants (biomass), hydraulic and steam turbines, transformers, substations, wind power generators, solar panels, control panels, integration services of renewable and distributed energy systems and solutions,

**Foreign:** comprised of operations carried out by subsidiaries located in various countries,

The column of eliminations and adjustments includes the eliminations applicable to the Company in the context of the Consolidated Interim Financial Information.

All operating assets and liabilities are presented as identifiable assets and liabilities.

The segment information is presented consistently with the reports used by Management to assess the performance of each segment of the Company.

### 32 EARNINGS PER SHARE

**a) Basic**

Basic earnings per share are calculated by dividing the profit for the year attributable to the holders of the Company's common shares by the weighted average number of common shares available during the year,

	<b>06/30/19</b>	<b>06/30/18</b>
Profit attributable to the Company's shareholders	695,851	621,609
Weighted average number of potential diluting common shares (adjusted with bonuses) held by shareholders (shares/thousand)	2,097,413	2,097,159
Basic earnings per share - R\$	<u>0,33177</u>	<u>0,29641</u>

**b) Diluted**

Diluted earnings per share are calculated by dividing the profit attributable to the holders of the Company's common shares by the weighted average number of common shares available during the year plus the weighted average number of common shares that would be issued upon the conversion of potential diluted common shares,

	<b>06/30/19</b>	<b>06/30/18</b>
Profit attributable to the Company's shareholders	695,851	621,609
Weighted average number of potential diluting common shares (adjusted with bonuses) held by shareholders (shares/thousand)	2,098,746	2,098,459
Diluted earnings per share - R\$	<u>0,33156</u>	<u>0,29622</u>

**Board of Directors**

Décio da Silva - Chairman  
Nildemar Secches - Vice Chairman  
Dan Ioschpe  
Martin Werninghaus  
Miguel Normando Abdalla Saad  
Sérgio Luiz Silva Schwartz  
Umberto Gobbato

**Board of Executive Officers**

Harry Schmelzer Junior - Chief Executive Officer  
André Luis Rodrigues - Chief Administrative and Financial Officer  
Carlos Diether Prinz – Chief Transmission and Distribution Division Officer  
Daniel Marteleto Godinho – Chief Corporate Strategies Officer  
Eduardo de Nóbrega - Chief Energy Division Officer  
Hilton José da Veiga Faria - Chief Human Resources and Institutional Relations Officer  
Luis Alberto Tiefensee – Chief Motors Division Officer  
Luis Gustavo Lopes Iensen – Chief International Division Officer  
Manfred Peter Johann - Chief Automation Division Officer  
Paulo Geraldo Polezi – Chief Financial and Investor Relations Officer  
Reinaldo Richter – Chief Paints Division Officer  
Siegfried Kreutzfeld – Chief China Division Officer  
Wilson José Watzko - Chief Controlling Officer

**Accountant**

Homero Fabiano Michelli  
CRC/SC 025355/O-2

**Supervisory Board**

**Sitting members**

Alidor Lueders  
Adelino Dias Pinho  
Vanderlei Dominguez da Rosa

**Deputy members**

Ilário Bruch  
José Luiz Ribeiro de Carvalho  
Paulo Roberto Francesch

**Qualified Report on Review of Quarterly Information**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

**REPORT ON REVIEW OF QUARTERLY INFORMATION**

To the Shareholders and Management of  
WEG S.A.  
Jaraguá do Sul - SC

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of WEG S.A. (the "Company"), identified as Parent and Consolidated, respectively, included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2019, which comprises the balance sheet as at June 30, 2019, and the statements of profit and loss and of comprehensive income for the three and six-month periods then ended and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual and consolidated interim financial information**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Other matters***Statements of value added*

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the six-month period ended June 30, 2019, prepared under the responsibility of the Company's Management, the presentation of which in the interim information is required by the standards issued by the CVM applicable to the preparation of Quarterly Information (ITR), and considered supplemental information by International Financial Reporting Standards - IFRS, issued by the IASB, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Joinville, July 15, 2019

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Otávio Ramos Pereira  
Engagement Partner

## **Opinions and Statements / Officers' Statement on the Quarterly Information**

By this instrument, the Chief Executive Officer and the other Officers of WEG S.A., a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, registered with the CNPJ (Corporate Taxpayer Register) under CNPJ 84.429.695/0001-11, for purposes of the provisions in item II of §1 of Article 29 of CVM Ruling 480, of December 7, 2009, state that they have reviewed and discussed and agree with the quarterly information of WEG S.A. and Consolidated as at June 30, 2019.

Jaraguá do Sul (SC), July 15, 2019

Harry Schmelzer Junior - Chief Executive Officer

André Luis Rodrigues - Chief Administrative and Financial Officer

Carlos Diether Prinz – Chief Transmission and Distribution Division Officer

Eduardo de Nóbrega - Chief Energy Division Officer

Hilton José da Veiga Faria - Chief Human Resources and Institutional Relations Officer

Luis Alberto Tiefensee - Chief Motors Division Officer

Luis Gustavo Lopes Iensen – Chief International Division Officer

Manfred Peter Johann - Chief Automation Division Officer

Paulo Geraldo Polezi – Chief Financial and Investor Relations Officer

Reinaldo Richter - Chief Paints Division Officer

Siegfried Kreutzfeld – Chief South Africa Division Officer

Wilson José Watzko - Chief Controlling Officer

**Opinions and Statements / Officers' Statement on the Independent Auditor's Report**

By this instrument, the Chief Executive Officers and the other Officers of WEG S.A., a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, registered with the CNPJ (Corporate Taxpayer Register) under No. 84.429.695/0001-11, for purposes of the provisions in item II of §1 of Article 29 of CVM Ruling No. 480, of December 7, 2009, state that they have reviewed and discussed and agree with the opinions expressed in the independent auditor's report of Deloitte Touche Tohmatsu Auditores Independentes, dated July 15, 2019, in respect of the quarterly information of WEG S.A. and Consolidated as at June 30, 2019.

Jaraguá do Sul (SC), July 15, 2019

Harry Schmelzer Junior - Chief Executive Officer

André Luis Rodrigues - Chief Administrative and Financial Officer

Carlos Diether Prinz – Chief Transmission and Distribution Division Officer

Eduardo de Nóbrega - Chief Energy Division Officer

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