



Investor Relations Presentation

C21T

Best way to invest in fast growing global energy efficiency and renewable energy generation businesses



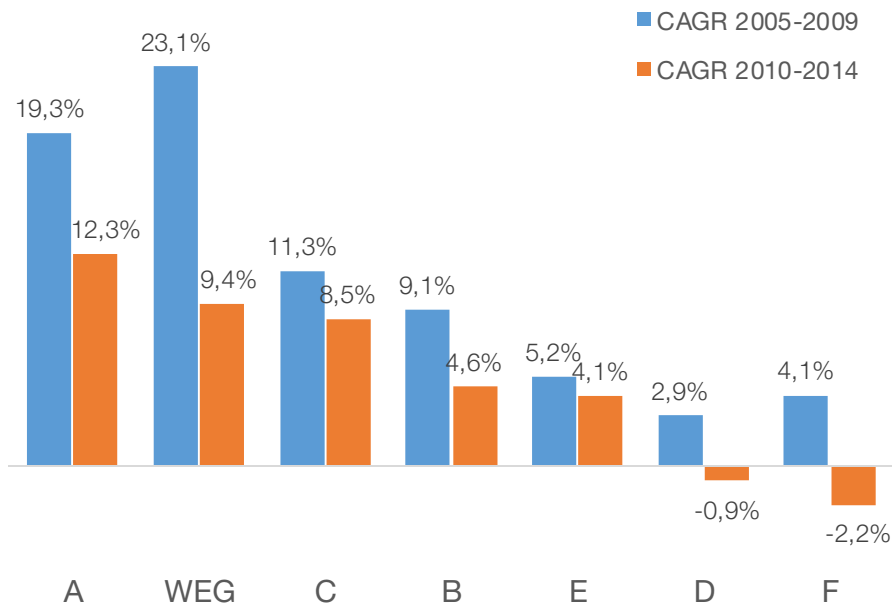
- 1 One of the highest growth capital goods companies; number one or number two in all product lines in Latin America
- 2 Unique business model is based on vertical integration, production flexibility and technological innovation
- 3 Diversified product lines allows strong growth across different market cycles
- 4 We have a history of achieving CAGR of 18% over past 17 years through organic growth and accretive acquisitions
- 5 WEG 2020 Strategic Plan aims for R\$ 20 billion / 17% CAGR through international and product line expansion

Sustainable growth

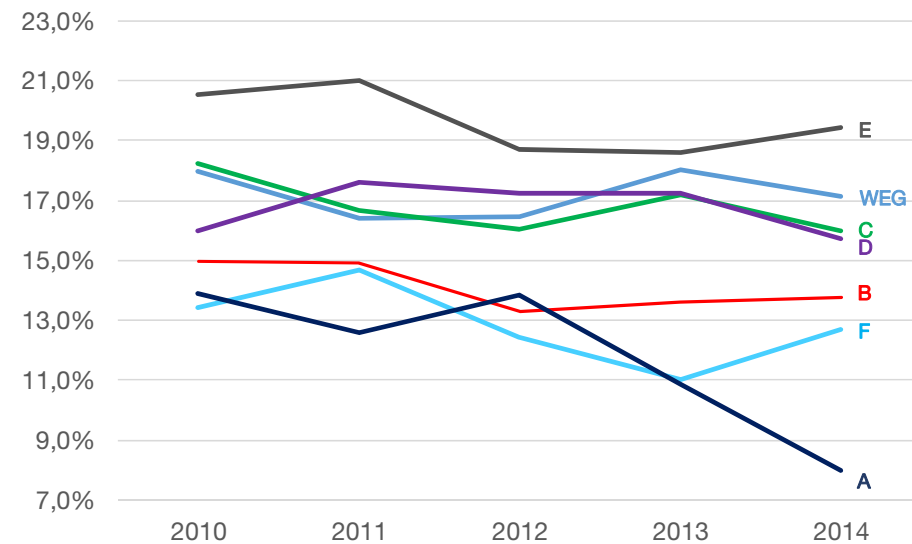
WEG's revenue growth and margins are among the highest in the industry



Revenues Growth (US\$)



Profitability (EBITDA Margins)



Our industry is undergoing major shifts

Megatrends are creating changes in demand patterns and new business opportunities

Energy and industrial efficiency

- Electric motors represent around 70% of all industrial consumption of electricity, or 25% of worldwide general electricity consumption;
- Electricity consumption is by far the largest component of total cost of ownership of electric motors (may exceed 95%) for industrial clients;
- Clear regulatory trend towards minimum levels of electric motor energy efficiency (lower needs to expand generation);
- Industrial productivity and energy management drives investments



Renewable energy

- Global drive to lower GHG emissions;
- Renewables allow distributed generation, closer to consumption and requiring lower T&D infrastructure;
- Economic viability is highly dependent on scale. With correct price incentives, technology catches up with economics;
- Diversity of sources increases systems stability and energy availability. No energy is the most expensive energy of all



Smart grid

- Electricity distribution grid is evolving and becoming "smarter";
- All nodes of the system, from generation to consumptions (and everything in between) must be aware of conditions and able to respond to changes;
- Every existing electric product must evolve. There will be more sensors, more automation, more efficient generation and use of electricity;
- New products are being developed and change is just now starting



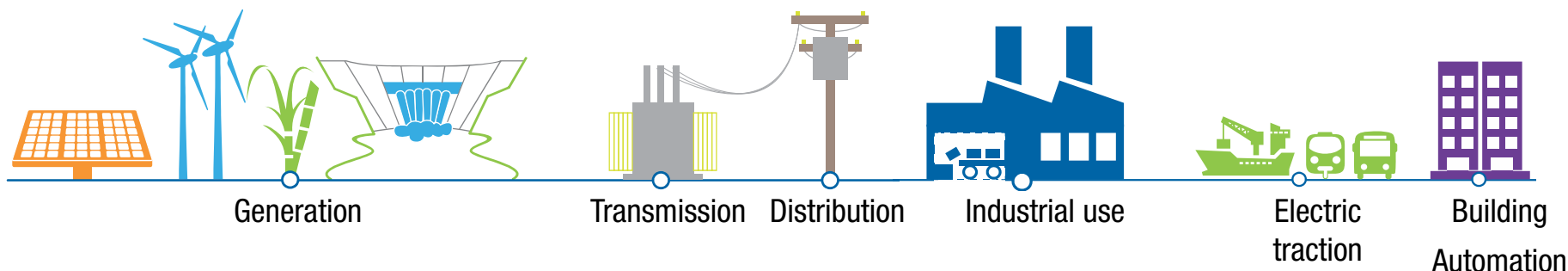
Electrical mobility

- Increasing urbanization adds to congestions and need of alternatives;
- GHG and other pollutants emitted by internal combustion engines powered vehicles are well above sustainable levels;
- Electricity is clearly a more efficient use of energy to power vehicles. Pure electric, hybrids and alternative fuels will grow faster than the market;
- Powertrain solutions are scalable to all vehicle types and sizes and to other transportation modes (WEG has commercially available solutions in maritime powertrains)



“End to end of the wire”

The global solution in electric machines and automation for the industry and energy systems



WEG’s strategic vision is to provide **complete** and **efficient solutions** with a complete line of **electrical machines**, from the generation all the way to the consumption.

This means that we want to continue to be a competitive supplier of electrical equipment for typical applications. For example, WEG is one the world's largest supplier of industrial electric motors used by OEM in the manufacturing pumps, compressors

and industrial fans, the typical uses of such products.

We also can use this production competitiveness and flexibility and our broad product line to integrate those products into a complete solutions.

We can combine electric motors of several types and sizes with the drives and controls to create complex industry automation systems. Or complete solutions for electricity generation from

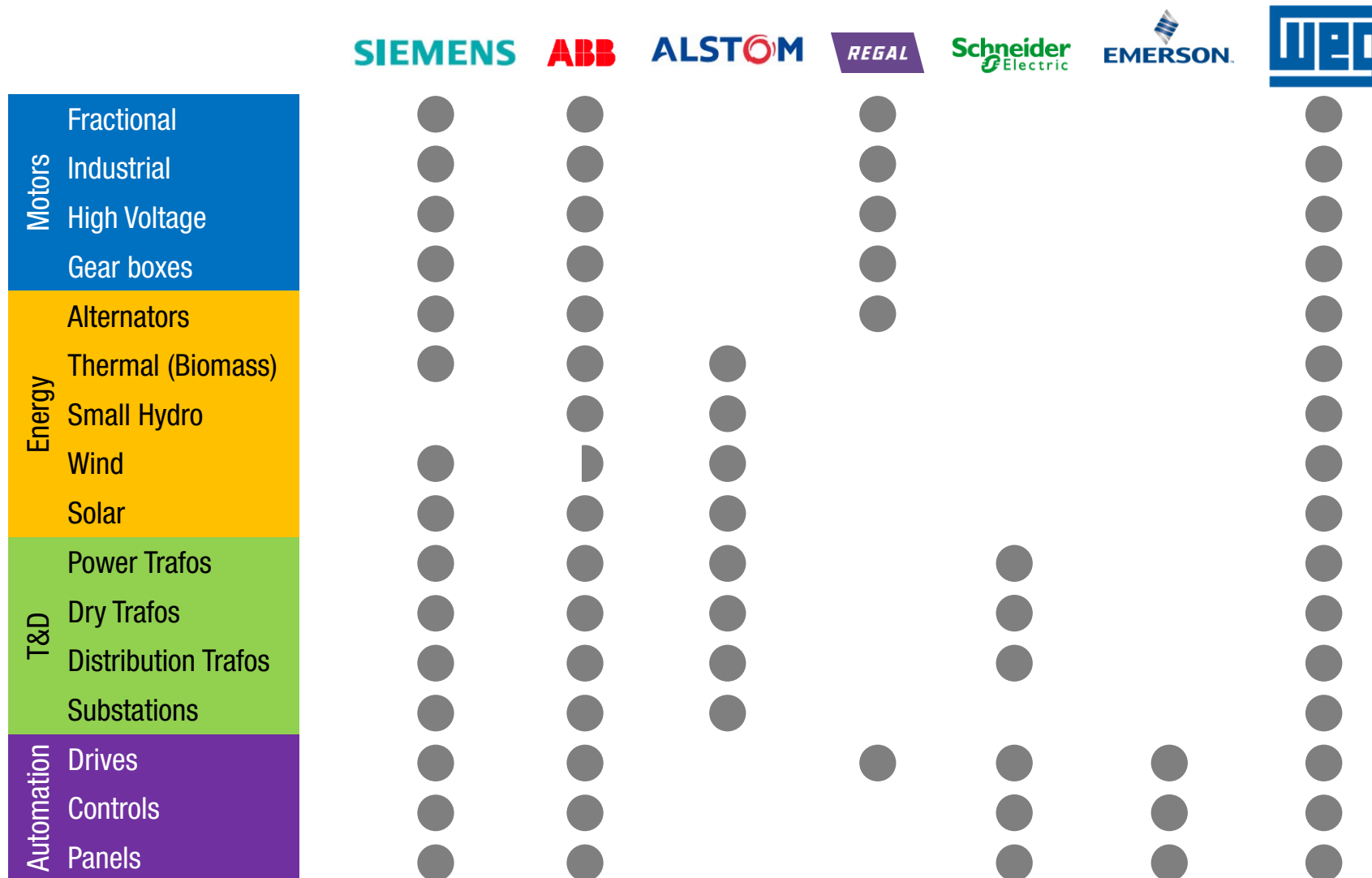
renewable sources. Or complete energy substations for just about any use. Important to note that these systems are basically comprised of WEG manufactured products.

This integrated approach based on competitive manufacturing capabilities has been the basis of our market presence and how we present ourselves to our clients and to the general market.

Strategic positioning



WEG offers a complete range of electric products and systems with an integrated one-stop solution



Clear competitive advantages

Unique business model creates important and defensible competitive advantages

Vertical Integration

Vertical integration allows production flexibility to competitively supply small batches of highly customized products that are matched to perfection to our customers' needs. We do **mass customization**, not mass production.

Diversification

Our production flexibility allows us to target the markets (geographies, segments and products) that offer the best growth perspectives. It also allows us to target markets based on returns, not on our needs to occupy specialized production capacity.

Modular Expansion

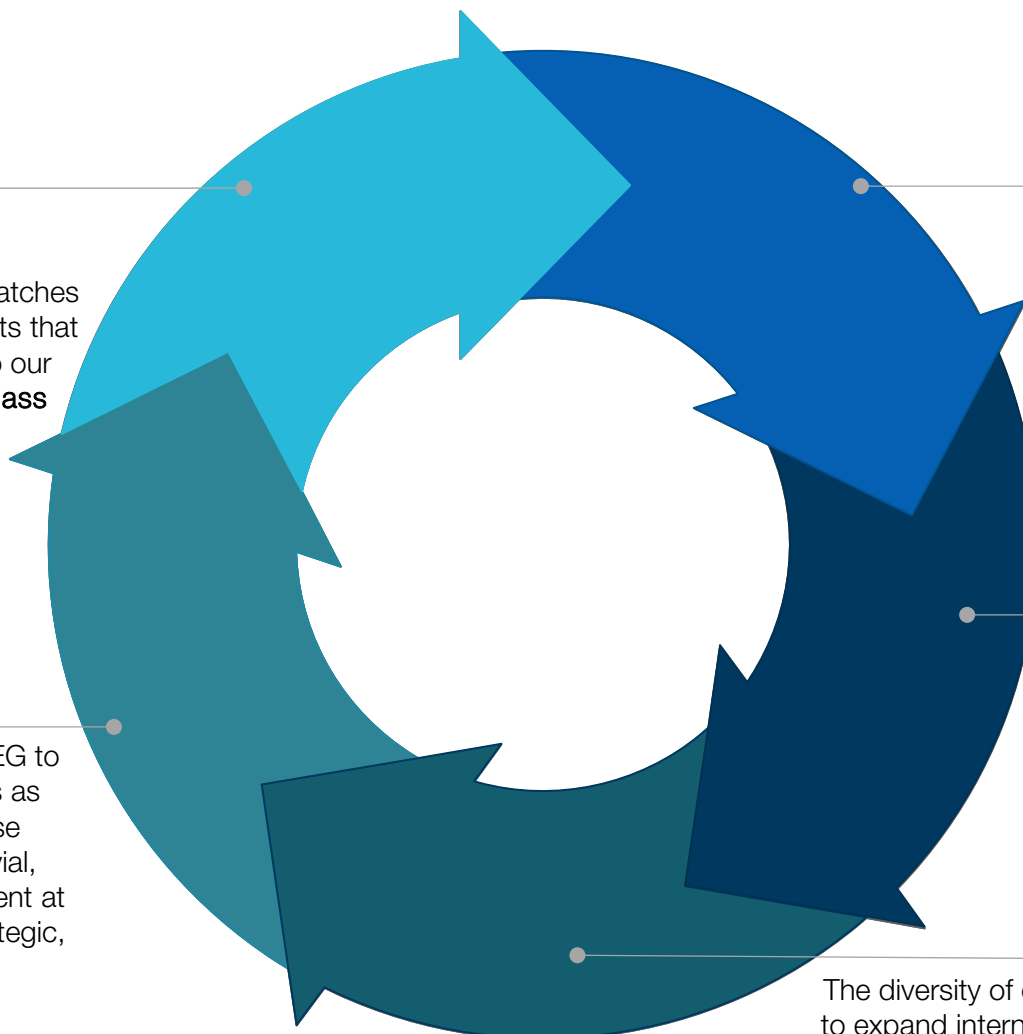
Our production system is also based on modular expansion, avoiding idle capacity build up, maximizing returns on capital e lowering demand risks.

Global Presence

The diversity of our product offering also allows us to expand internationally, leveraging the expertizes we have developed into new markets and being a premier partner for our global customers

Financial Flexibility

Financial flexibility allows WEG to pursue growth opportunities as they become available. These opportunities range from trivial, like raw materials procurement at attractive conditions, to strategic, like acquisitions.



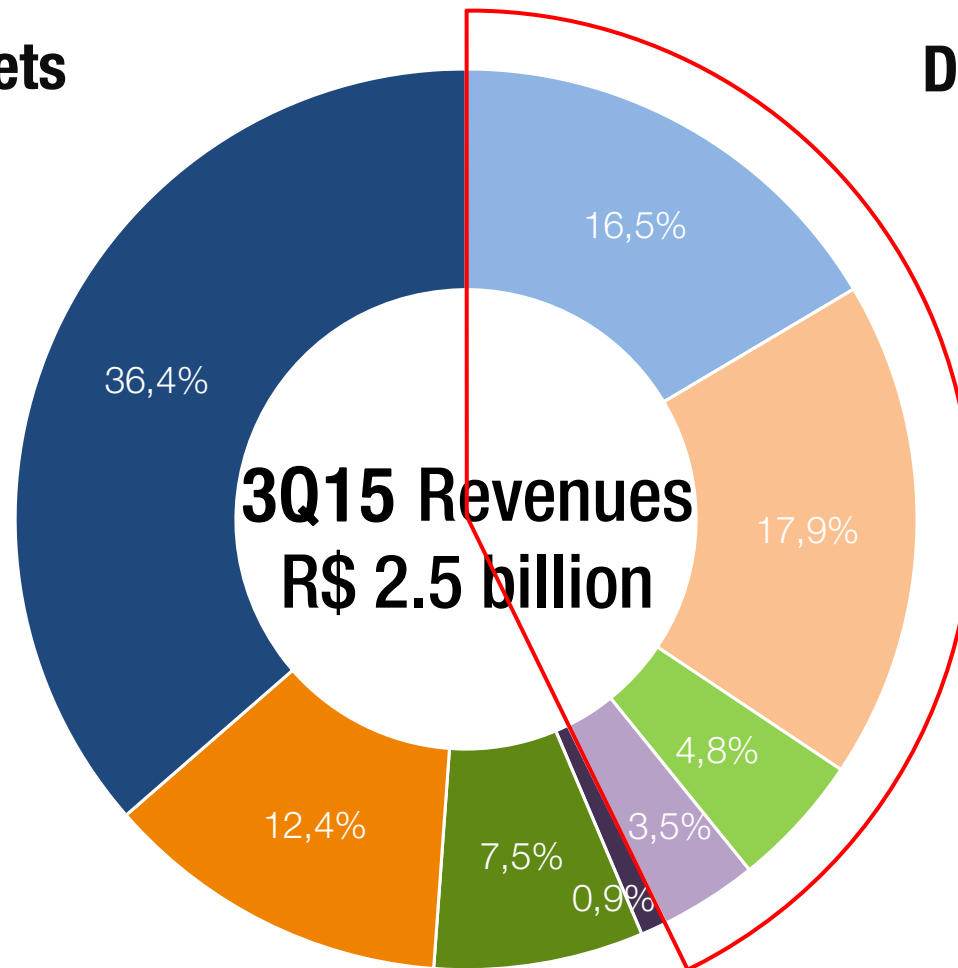
WEG business



Diversified product line allows for strong growth across different market cycles

External Markets

Domestic Market



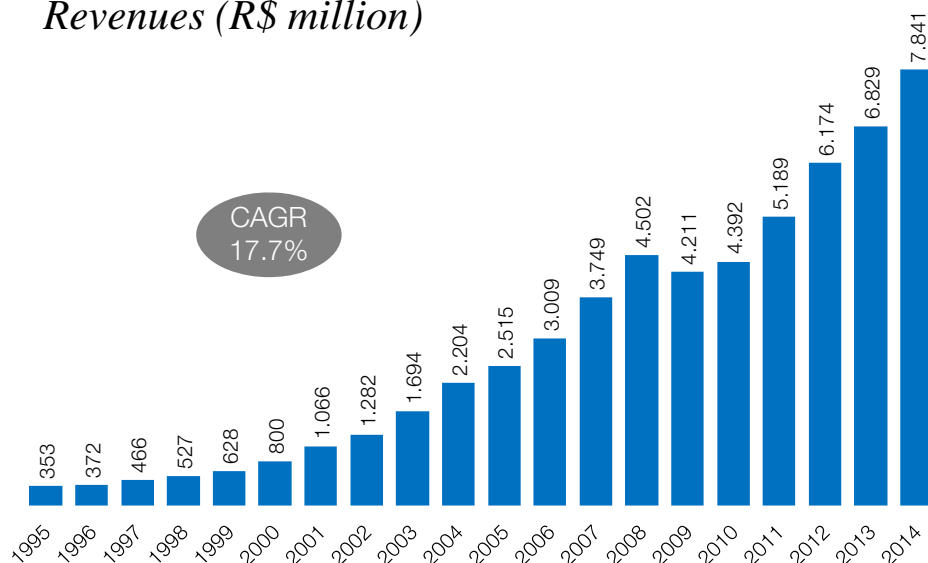
- **Industrial Electro-Electronic Equipment**
- **Energy Generation, Transmission and Distribution (GTD)**
- **Motors for domestic use**
- **Coatings**



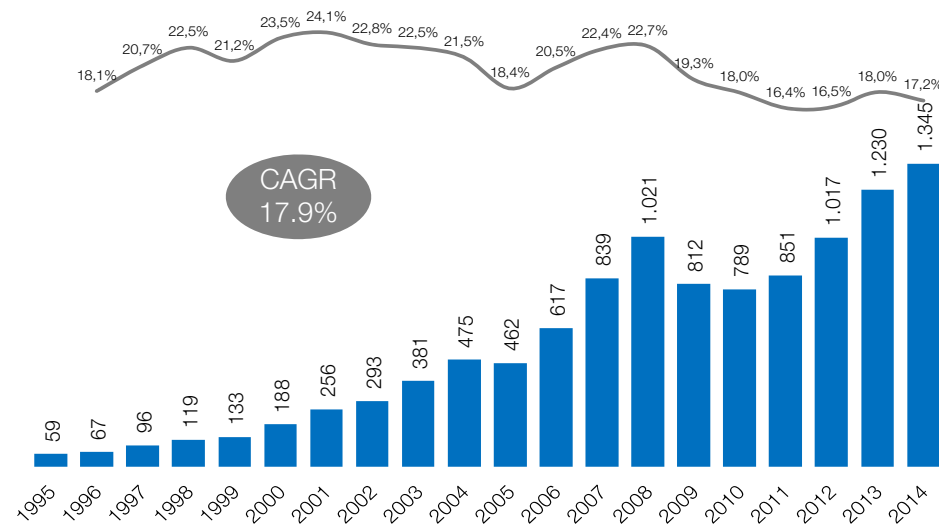
Solid growth track record

Business model allows us to find and explore growth opportunities, even under unfavorable macroeconomic conditions

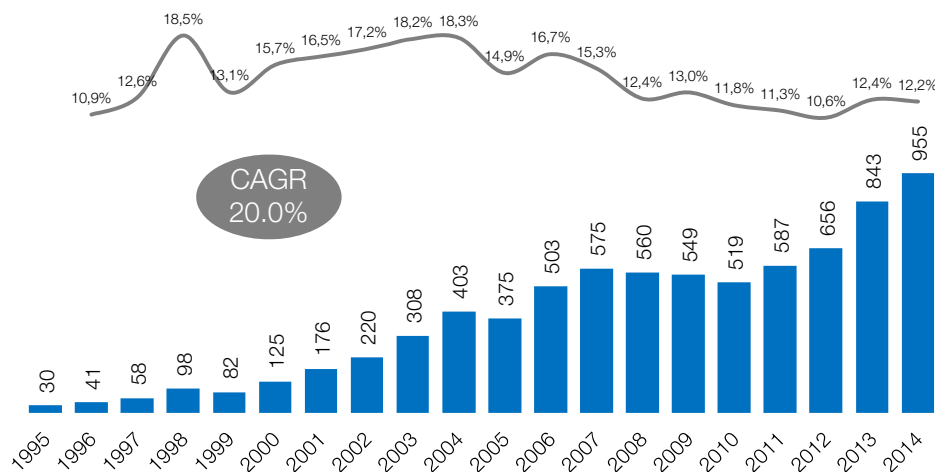
Revenues (R\$ million)



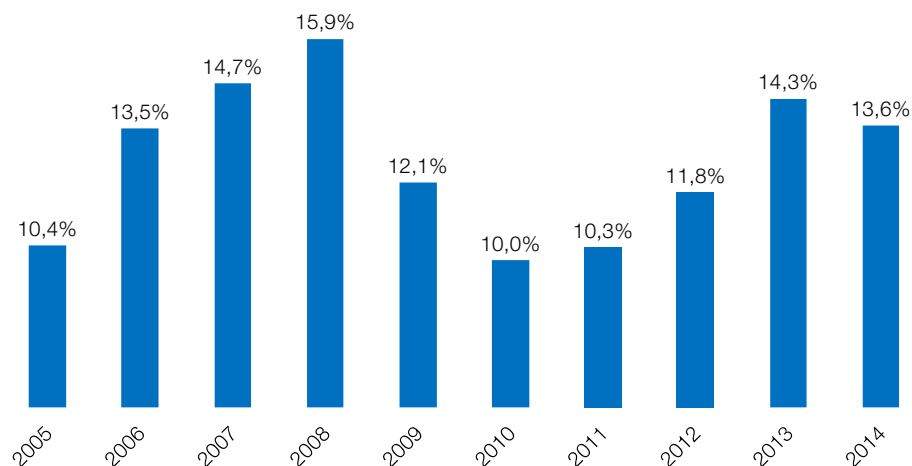
EBITDA (R\$ million) and EBITDA Margin



Net Income (R\$ million) and Net Margin



ROIC





Margin dynamics

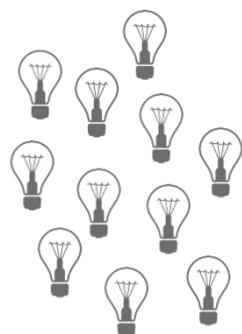
Margins are the result of product mix and product pricing conditions, and tend to track global economic cycle



WEG strategic planning process

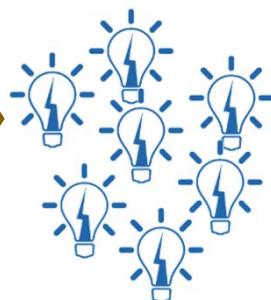
We adopted a bottom-up approach, selecting the individual opportunities that offered the best fit to clear strategic guidelines

Opportunities Discovery



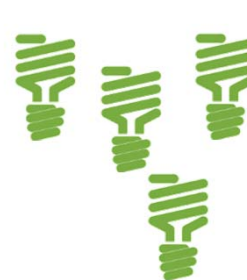
The process started with the involvement of management at all levels, from market-facing mid-level managers to senior C-level officers, that discussed recent evolution, trends and growth opportunities, current and future, in all our core and adjacent markets.

Business analysis



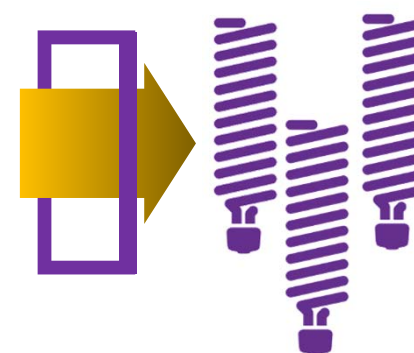
The ideas were developed into business plans, including market assumptions, earnings and cash flow projection models, so each opportunity could be assessed in terms of its expected results and margins.

Capital Requirement analysis



The analysis then considered the capital intensity of each opportunity. The results and margins are not necessarily good or bad, they must be considered within the context of the capital required to pursue the growth opportunity. The net result is **ROIC**.

Risk adjusted ROIC analysis

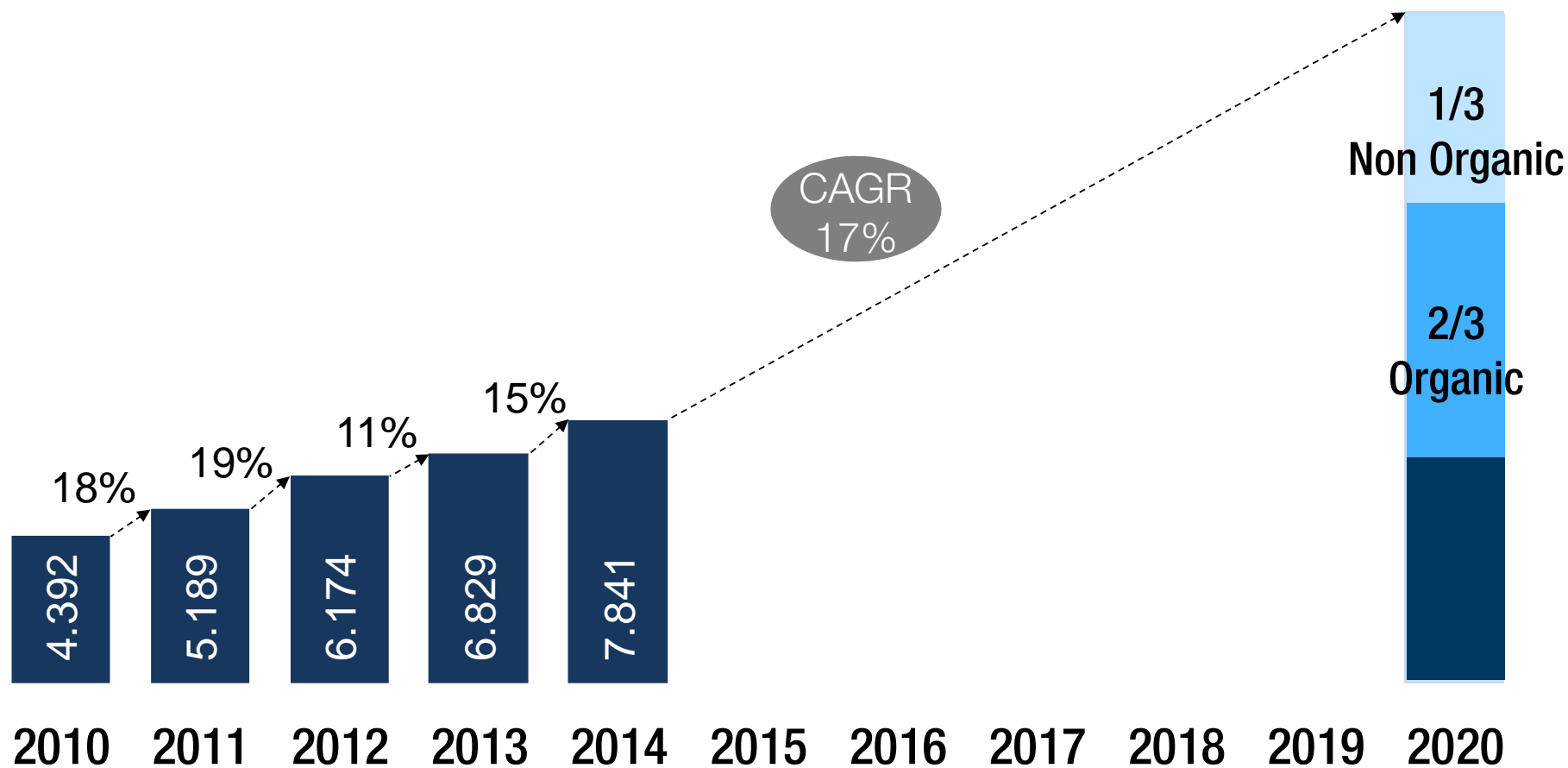


Finally, each opportunity was assessed in terms of identifiable, business-related, non-systemic risks. This was then used to adjust the ROIC, or **ROIC'**



WEG strategic Plan 2020

Corporate aspiration of R\$ 20 billion by 2020. Growth comes from diverse base, with a disciplined approach to organic and non organic expansion



Growth drivers

The growth opportunities identified can be separated into three distinct categories/growth strategies

Our products / markets enjoy fairly healthy organic growth trends. For example, the global market for industrial use electric motors is independently estimated to grow 5% to 10% per year. If we are able to maintain our market positions, either leadership and / or strong brand recognition, we will be in position that advantage of this healthy growth dynamics;

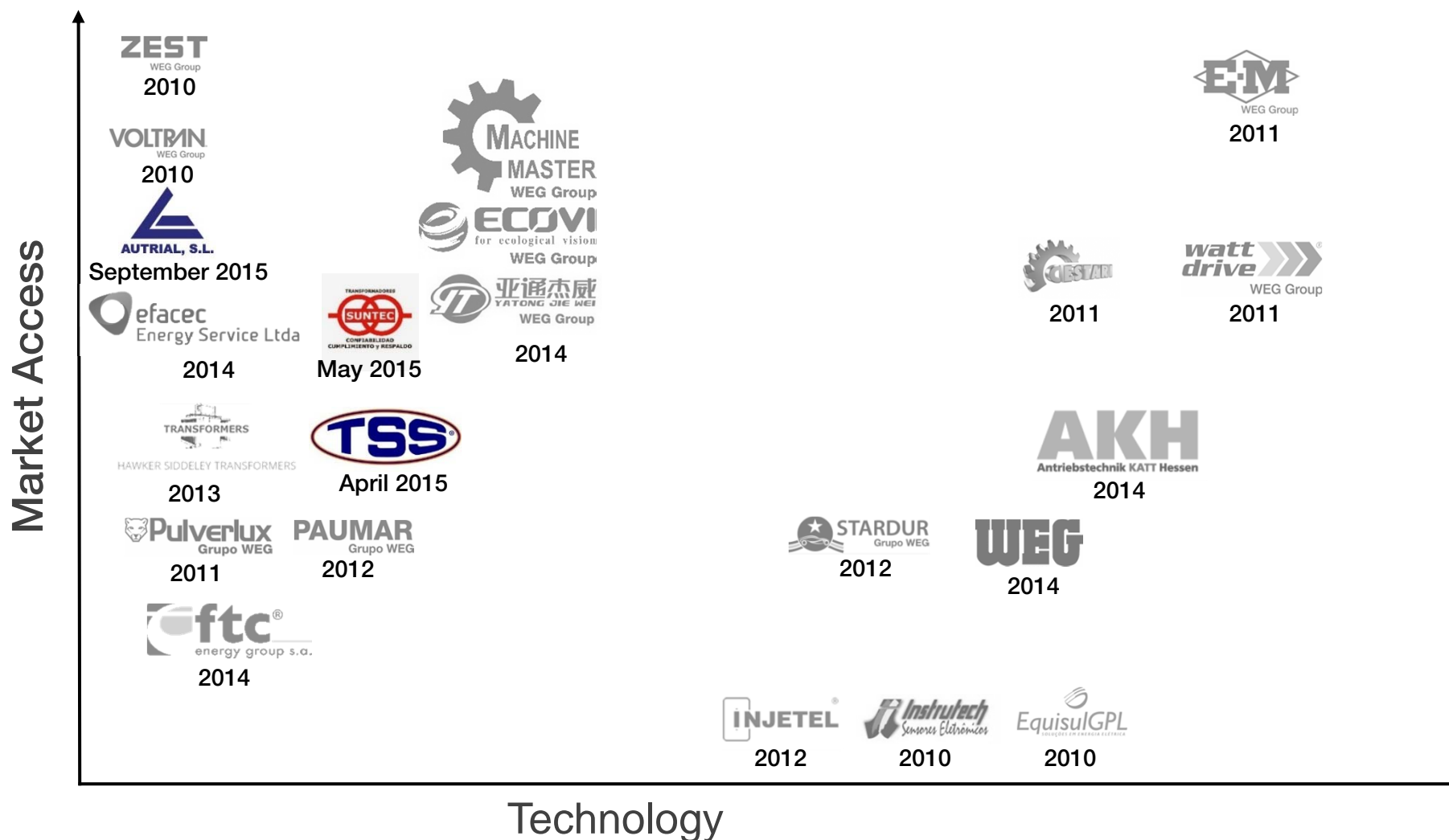
We will continue to expand into new geographies, initially with industrial electric motors. As we have established market positions and/or recognized brands, we will leverage those to synergistically expand the product line.



We will also continue to expand the product line into business / products that complement the offering and allows us to offer our clients more complete and efficient solutions.

Portfolio strategy

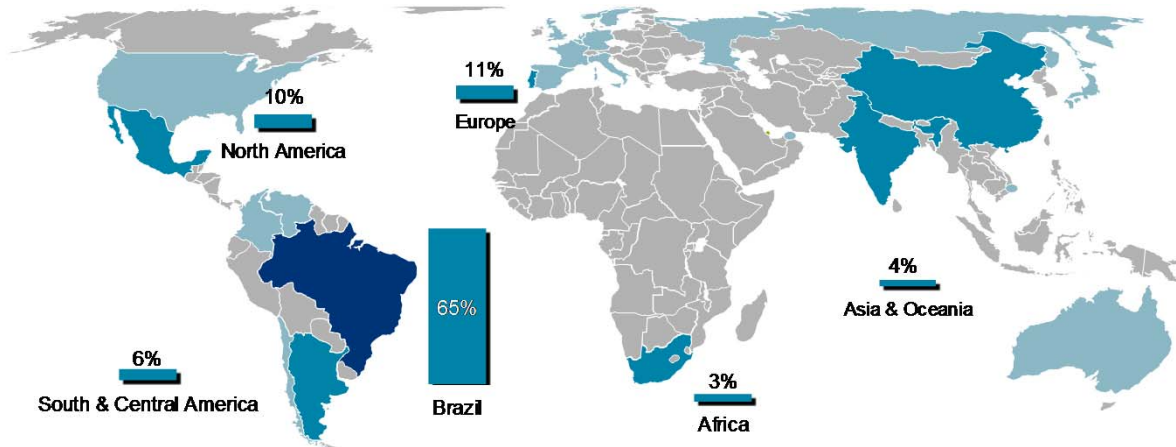
Clear vision of attractiveness of opportunities and of the strategic fit



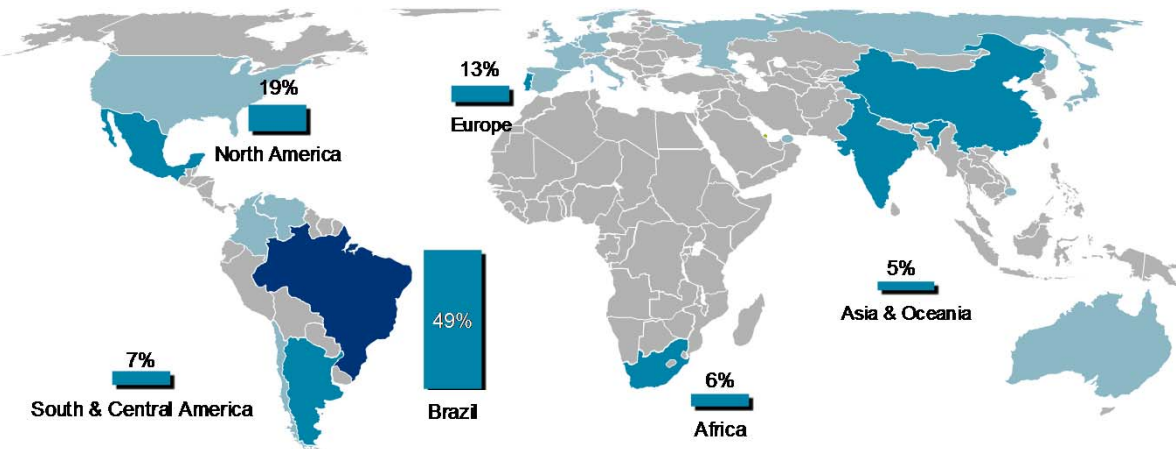
Revenue profile



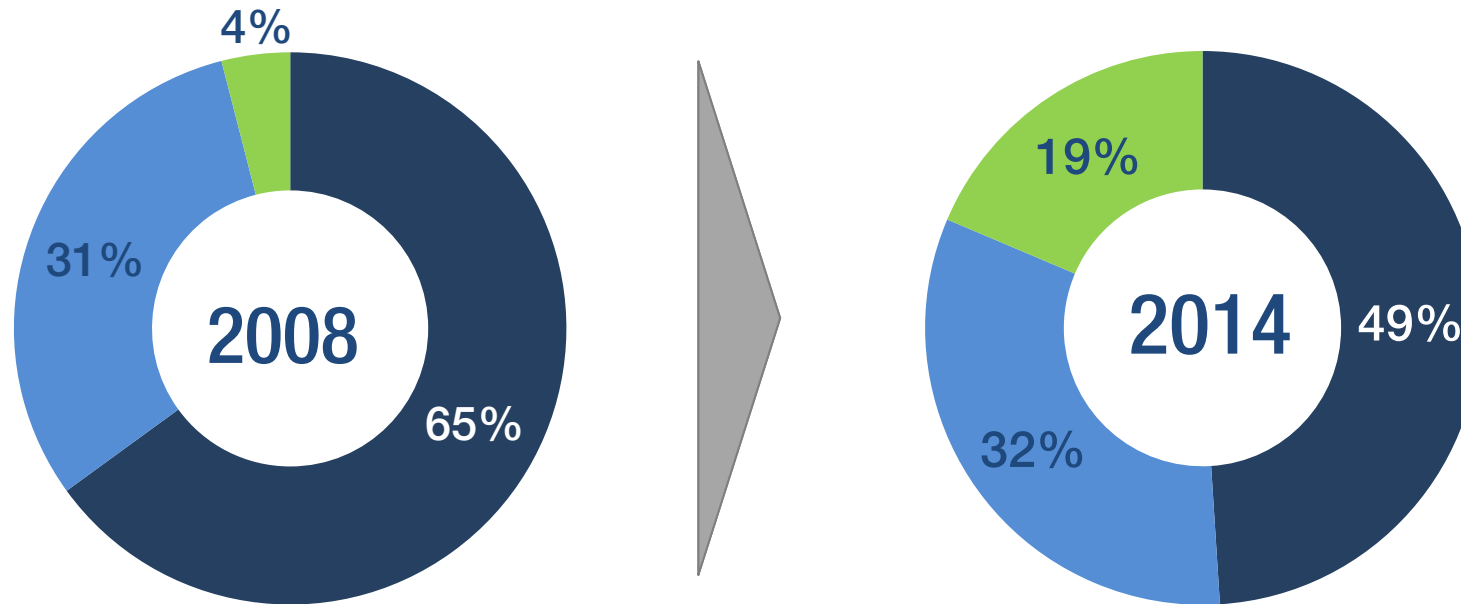
2008



2014



Global production platform

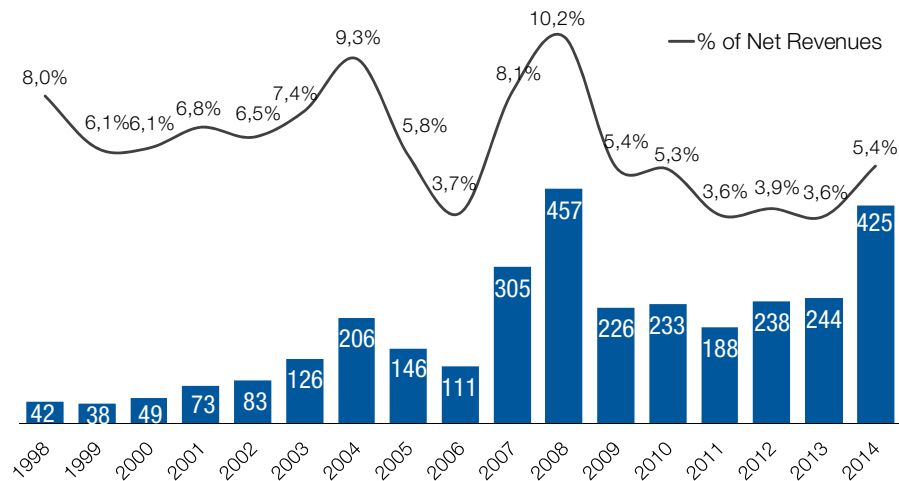


- Produced and sold in Brazil
- Produced in Brazil and exported
- Produced and sold abroad

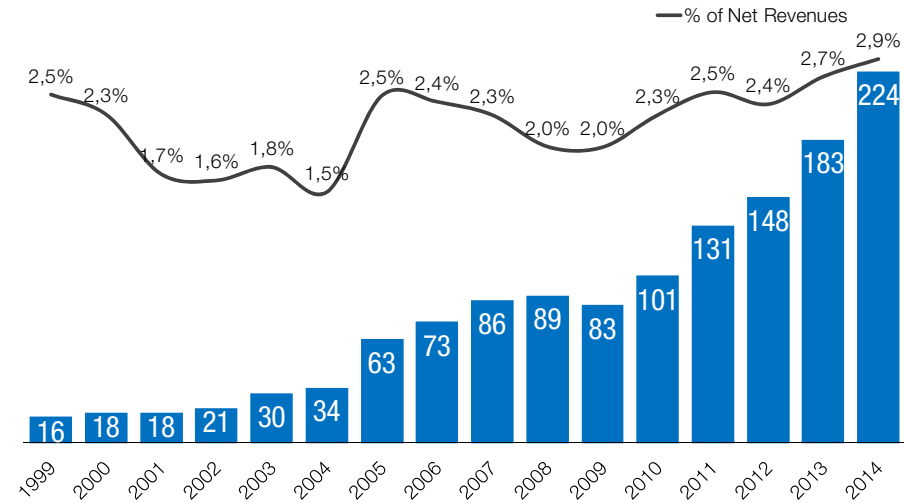
Use of cash



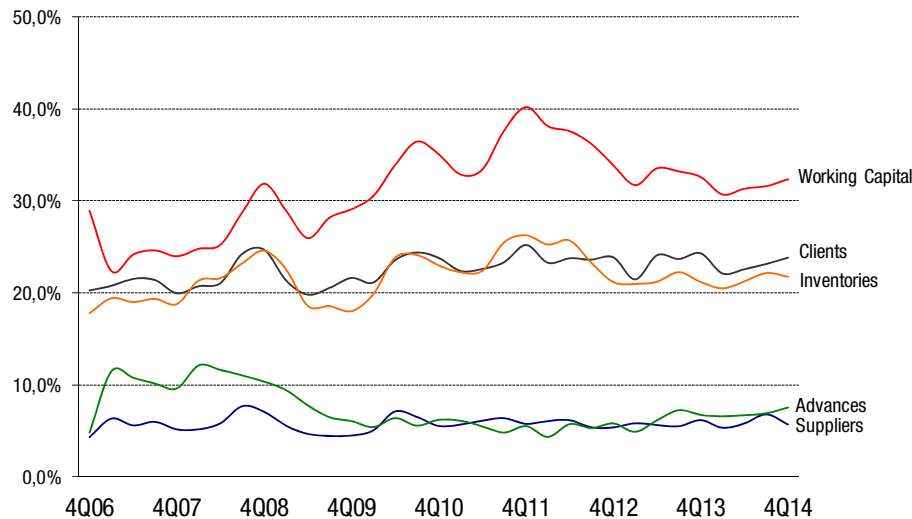
Capex (R\$ million)



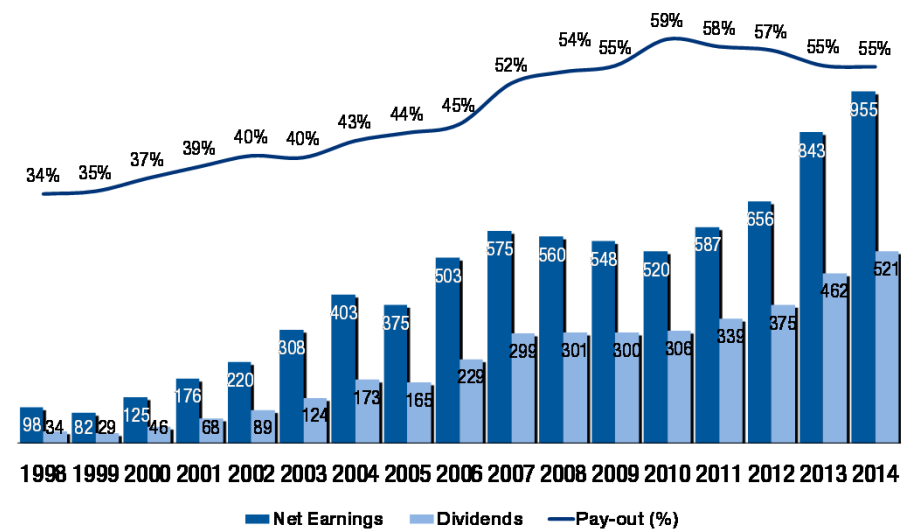
Research & Development (R\$ million)



Working Capital (% of Net Revenues)



Net Earnings and Dividends (R\$ million)

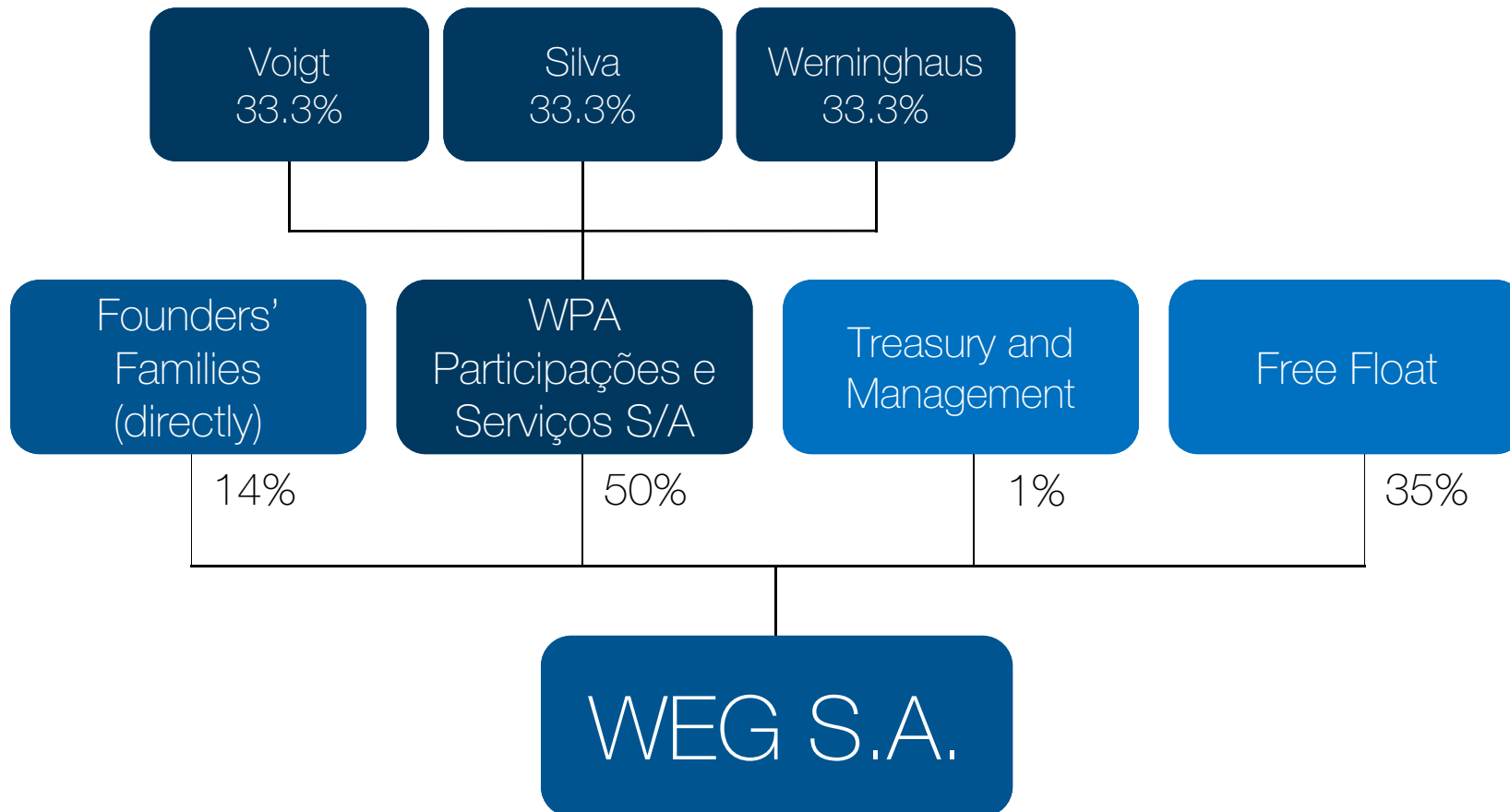


Capital markets information

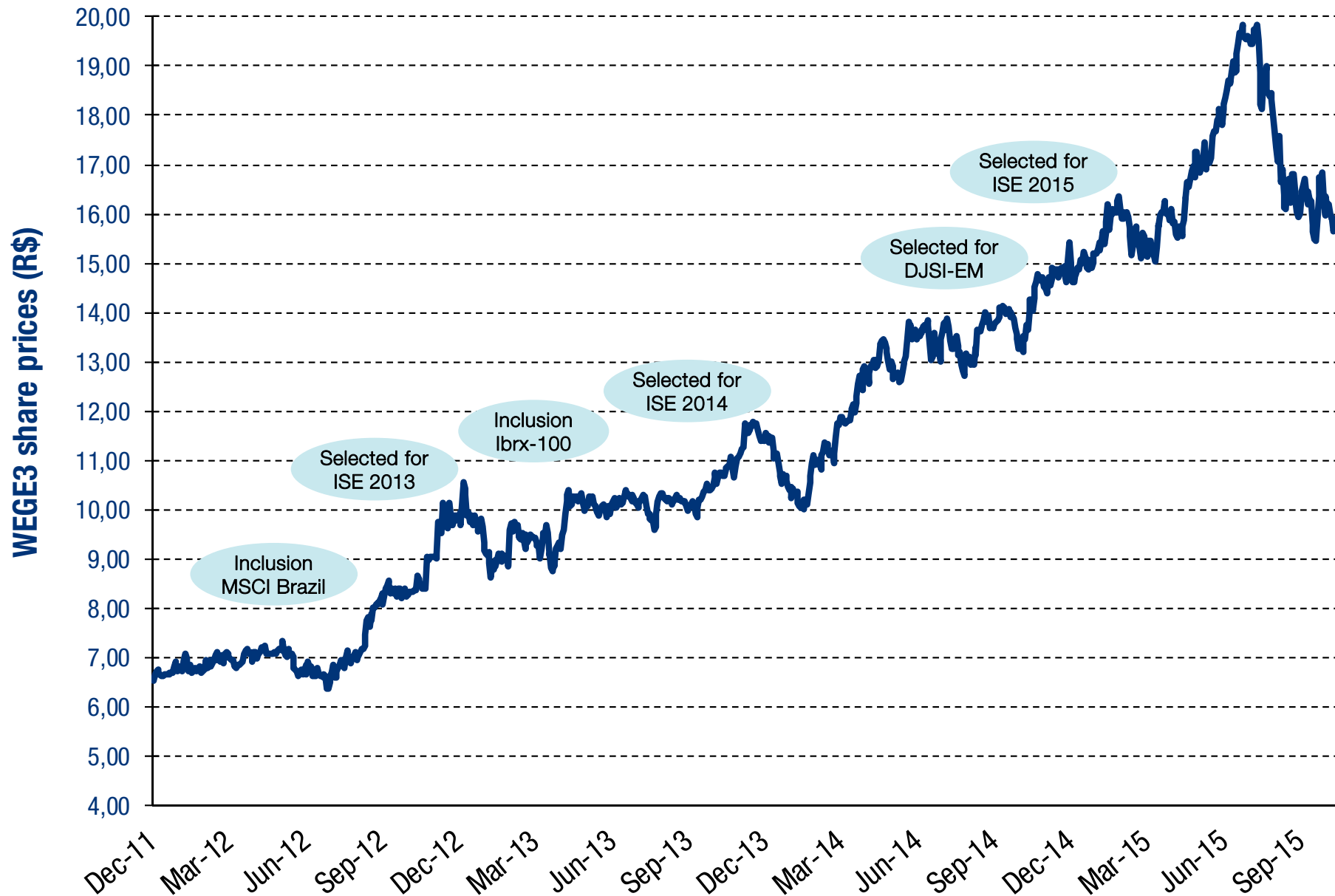


Issuer	<ul style="list-style-type: none">▪ WEG S.A.
Ticker	<ul style="list-style-type: none">▪ WEGE3 (BM&FBovespa) / WEGZY (OTC – ADR Level 1)
Listing Segment	<ul style="list-style-type: none">▪ Novo Mercado (since 2007)
Number of Shares	<ul style="list-style-type: none">▪ Issued: 1,614,353,076▪ In treasury: 1,519,786▪ Ex-treasury: 1,612,833,290
Share price	<ul style="list-style-type: none">▪ On Dec 30, 2014 : R\$ 15.30▪ On Oct 30, 2015 : R\$ 14.40
Market value	<ul style="list-style-type: none">▪ On Dec 30, 2014 : R\$ 24.7 billion▪ On Oct 30, 2015 : R\$ 23.2 billion
Liquidity (average daily volume)	<ul style="list-style-type: none">▪ In 2014: R\$ 18,838 thousand / day▪ In 2015: R\$ 25,630 thousand / day
Composition of <i>Free Float</i>	<ul style="list-style-type: none">▪ 52% - Foreign institutions▪ 04% - Brazilian institutions▪ 43% - Others (individuals, etc.)

Shareholding structure



WEGE3 performance



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Highlights

Yearly Figures

	2014	2013	%	2012	%
Net Operating Revenue	7.840.757	6.828.896	14,8%	6.173.878	10,6%
<i>Domestic Market</i>	3.876.757	3.432.040	13,0%	3.016.662	13,8%
<i>External Markets</i>	3.964.000	3.396.856	16,7%	3.157.216	7,6%
<i>External Markets in US\$</i>	1.684.894	1.569.891	7,3%	1.610.330	-2,5%
Gross Operating Profit	2.484.497	2.236.766	11,1%	1.880.687	18,9%
Gross Margin	31,7%	32,8%		30,5%	
Quarterly Net Income	954.726	843.467	13,2%	655.979	28,6%
Net Margin	12,2%	12,4%		10,6%	
EBITDA	1.344.829	1.230.032	9,3%	1.016.748	21,0%
EBITDA Margin	17,2%	18,0%		16,5%	
EPS (adjusted for splits)	1,18365	1,04577	13,2%	0,81334	28,6%

Figures in R\$ Thousands

Highlights

Quarterly Figures

	Q3 2015	Q2 2015	%	Q3 2014	%
Net Operating Revenue	2.546.349	2.349.432	8,4%	2.055.972	23,9%
<i>Domestic Market</i>	1.087.388	1.051.525	3,4%	994.061	9,4%
<i>External Markets</i>	1.458.962	1.297.906	12,4%	1.061.912	37,4%
<i>External Markets in US\$</i>	411.211	422.464	-2,7%	466.737	-11,9%
Gross Operating Profit	724.802	671.727	7,9%	638.533	13,5%
Gross Margin	28,5%	28,6%		31,1%	
Net Income	265.409	260.881	1,7%	258.569	2,6%
Net Margin	10,4%	11,1%		12,6%	
EBITDA	395.093	352.148	12,2%	350.699	12,7%
EBITDA Margin	15,5%	15,0%		17,1%	
EPS (adjusted for splits)	0,16459	0,16170	1,8%	0,16028	2,7%

Figures in R\$ Thousand

Highlights

Balance sheet – assets

	September 2015 (A)		December 2014 (B)		September 2014 (C)		(A)/(B)	(A)/(C)
	R\$	%	R\$	%	R\$	%		
CURRENT ASSETS	9.679.358	68%	8.063.213	68%	7.273.013	67%	20%	33%
Cash & cash equivalents	4.288.962	30%	4.149.437	35%	3.437.845	32%	3%	25%
Receivables	2.576.676	18%	1.867.864	16%	1.747.503	16%	38%	47%
Inventories	2.248.834	16%	1.704.919	14%	1.672.573	15%	32%	34%
Other current assets	564.886	4%	340.993	3%	415.092	4%	66%	36%
LONG TERM ASSETS	569.135	4%	161.644	1%	139.456	1%	252%	308%
Long term securities	-	0%	1.047	0%	907	0%	-	-100%
Deferred taxes	108.749	1%	55.864	0%	59.208	1%	95%	84%
Other non-current assets	460.386	3%	104.733	1%	79.341	1%	340%	480%
FIXED ASSETS	4.041.424	28%	3.557.773	30%	3.490.341	32%	14%	16%
Investment in Subs	1.463	0%	8.224	0%	8.222	0%	-82%	-82%
Property, Plant & Equipment	3.255.878	23%	2.877.942	24%	2.794.224	26%	13%	17%
Intangibles	784.083	5%	671.607	6%	687.895	6%	17%	14%
TOTAL ASSETS	14.289.917	100%	11.782.630	100%	10.902.810	100%	21%	31%

Figures in R\$ thousands

Highlights

Balance sheet – liabilities

	September 2015 (A)		December 2014 (B)		September 2014 (C)		(A)/(B)	(A)/(C)
	R\$	%	R\$	%	R\$	%		
CURRENT LIABILITIES	4.597.696	32%	3.379.017	29%	2.840.667	26%	36%	62%
Social and Labor Liabilities	313.073	2%	173.382	1%	271.371	2%	81%	15%
Suppliers	671.967	5%	445.577	4%	512.394	5%	51%	31%
Fiscal and Tax Liabilities	151.490	1%	148.335	1%	120.509	1%	2%	26%
Short Term Debt	2.107.029	15%	1.462.493	12%	916.734	8%	44%	130%
Dividends Payable	92.809	1%	111.707	1%	81.661	1%	-17%	14%
Advances from Clients	578.720	4%	590.815	5%	520.966	5%	-2%	11%
Profit Sharring	84.861	1%	111.173	1%	64.432	1%	-24%	32%
Derivatives	3.107	0%	2.461	0%	1.646	0%	26%	89%
Other Short Term Liabilities	594.640	4%	333.074	3%	350.954	3%	79%	69%
LONG TERM LIABILITIES	3.702.273	26%	3.264.350	28%	3.185.051	29%	13%	16%
Long Term Debt	2.972.924	21%	2.615.049	22%	2.544.530	23%	14%	17%
Other Long Term Liabilities	168.922	1%	107.463	1%	116.729	1%	57%	45%
Deferred Taxes	230.914	2%	282.989	2%	278.955	3%	-18%	-17%
Contingencies Provisions	329.513	2%	258.849	2%	244.837	2%	27%	35%
MINORITIES	128.400	1%	82.878	1%	83.372	1%	55%	54%
STOCKHOLDERS' EQUITY	5.861.548	41%	5.056.385	43%	4.793.720	44%	16%	22%
TOTAL LIABILITIES	14.289.917	100%	11.782.630	100%	10.902.810	100%	21%	31%

Figures in R\$ thousands

Highlights

Cash flow statement

	9 Months	9 Months
	2015	2014
Operating Activities		
Net Earnings before Taxes	927.824	881.586
Depreciation and Amortization	234.216	182.667
Provisions:	428.438	272.698
Changes in Assets & Liabilities	(1.608.124)	(444.952)
(Increase) / Reduction of Accounts Receivable	(1.285.098)	(122.894)
Increase / (Reduction) of Accounts Payable	624.587	249.930
(Increase) / Reduction of Inventories	(552.594)	(205.126)
Income Tax and Social Contribution on Net Earnings	(235.308)	(218.669)
Profit Sharing Paid	(159.711)	(148.193)
Cash Flow from Operating Activities	(17.646)	891.999
Investment Activities		
Fixed Assets	(352.913)	(290.635)
Intangible Assets	(23.001)	(35.926)
Results of sales of fixed assets	13.202	4.641
Accumulated Conversion Adjustment	575.220	(35)
Long term securities bought	(10.948)	(227.108)
Goodwill in Capital Transactions	-	(2.699)
Acquisition of Stakes of non-controlling shareholders	-	(5.947)
Aquisition of Subsidiaries	(115.552)	(136.528)
Cash Flow From Investment Activities	89.737	(679.315)
Financing Activities		
Working Capital Financing	1.346.271	780.347
Long Term Financing	(580.619)	(590.725)
Interest paid on loans and financing	(182.272)	(129.286)
Treasury Shares	(8.814)	956
Dividends & Interest on Stockholders Equity Paid	(519.127)	(436.692)
Cash Flow From Financing Activities	55.439	(375.400)
Change in Cash Position	127.530	(162.716)
Cash & Cash Equivalents		
Beginning of Period	3.284.275	3.372.130
End of Period	3.411.805	3.209.414

Figures in R\$ thousands

Highlights

Balance sheet – debt and cash position

	September 2015		December 2014		September 2014	
Cash & Financial instruments	4.630.389		4.194.224		3.452.955	
- Current	4.316.136		4.158.203		3.439.837	
- Long Term	314.253		36.021		13.118	
Debt	5.095.869	100%	4.092.150	100%	3.472.489	100%
- Current	2.110.136	41%	1.466.752	36%	918.380	26%
- In Brazilian Reais	1.144.511		779.146		573.337	
- In other currencies	965.625		687.606		345.043	
- Long Term	2.985.733	59%	2.625.398	64%	2.554.109	74%
- In Brazilian Reais	1.219.314		1.701.408		1.914.286	
- In other currencies	1.766.419		923.990		639.823	
Net Cash (Debt)	(465.480)		102.074		(19.534)	

Figures in R\$ thousands