



BTG Pactual XIV CEO Conference 2013

February 2013

WEGE3 / WEGZY



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



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



Overview

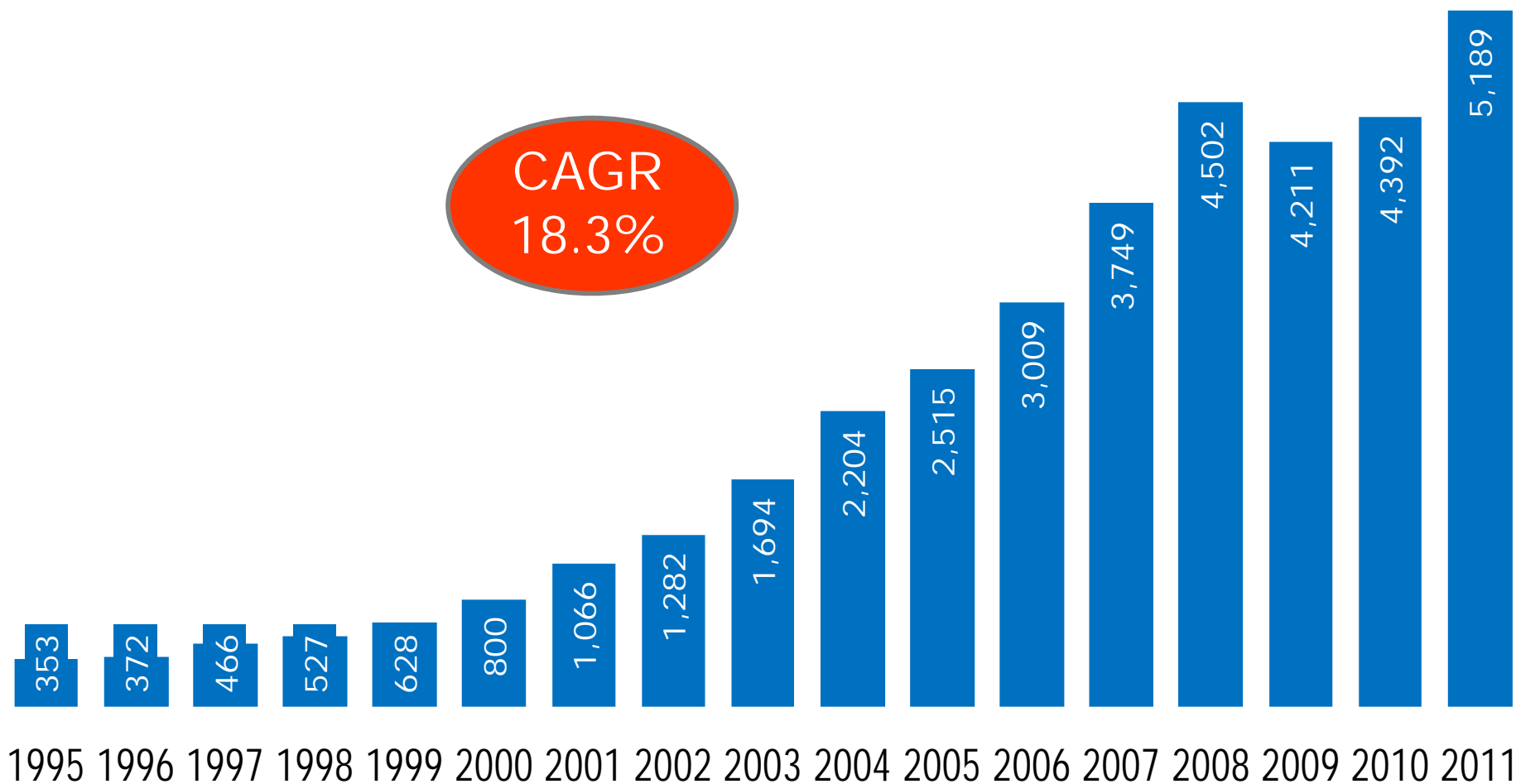




Impressive growth track record

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

Revenues (R\$ million)

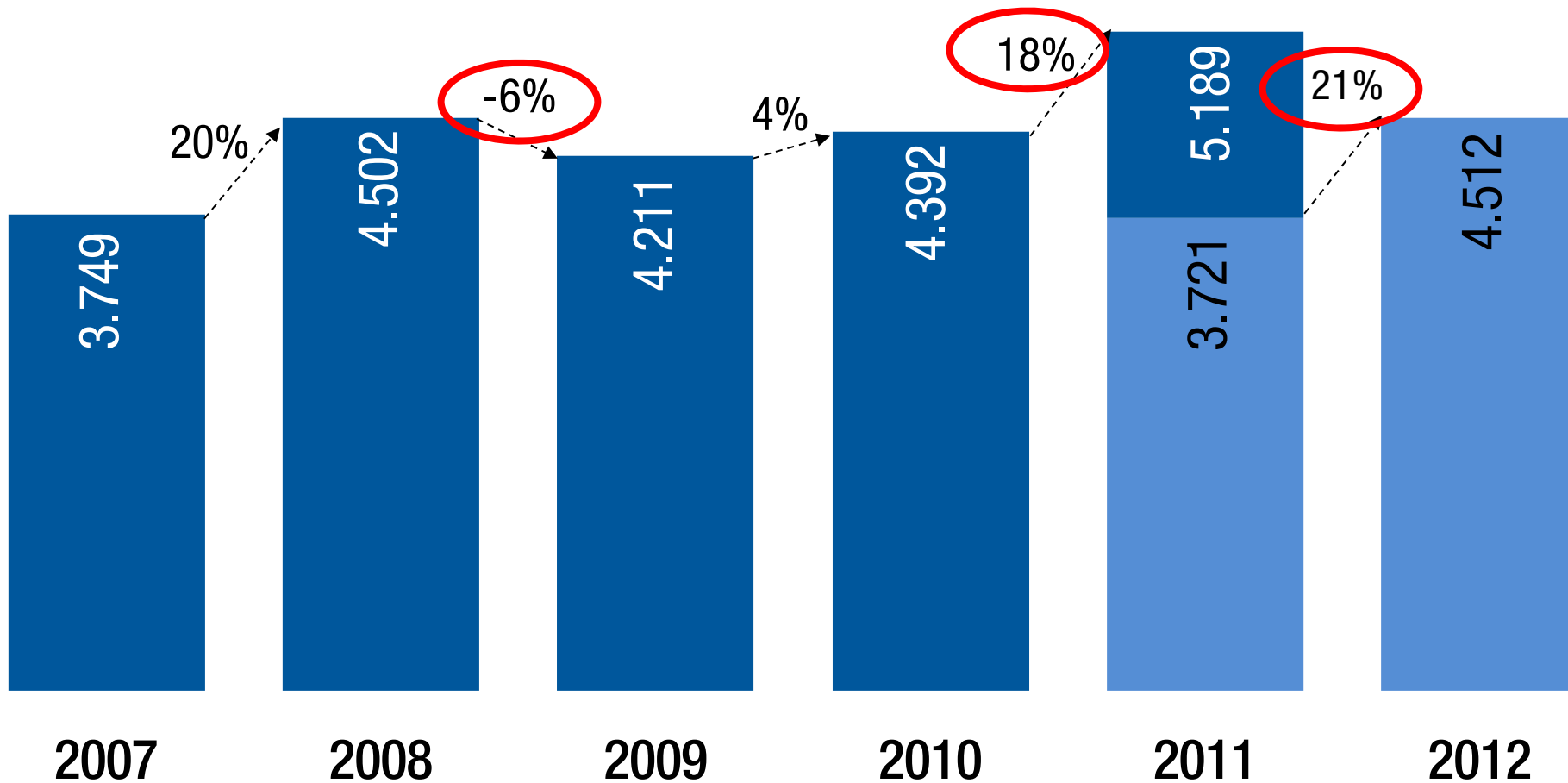


Resilient business model



We are back on track on top line growth, despite challenging macro conditions

Net Revenues (R\$ million)

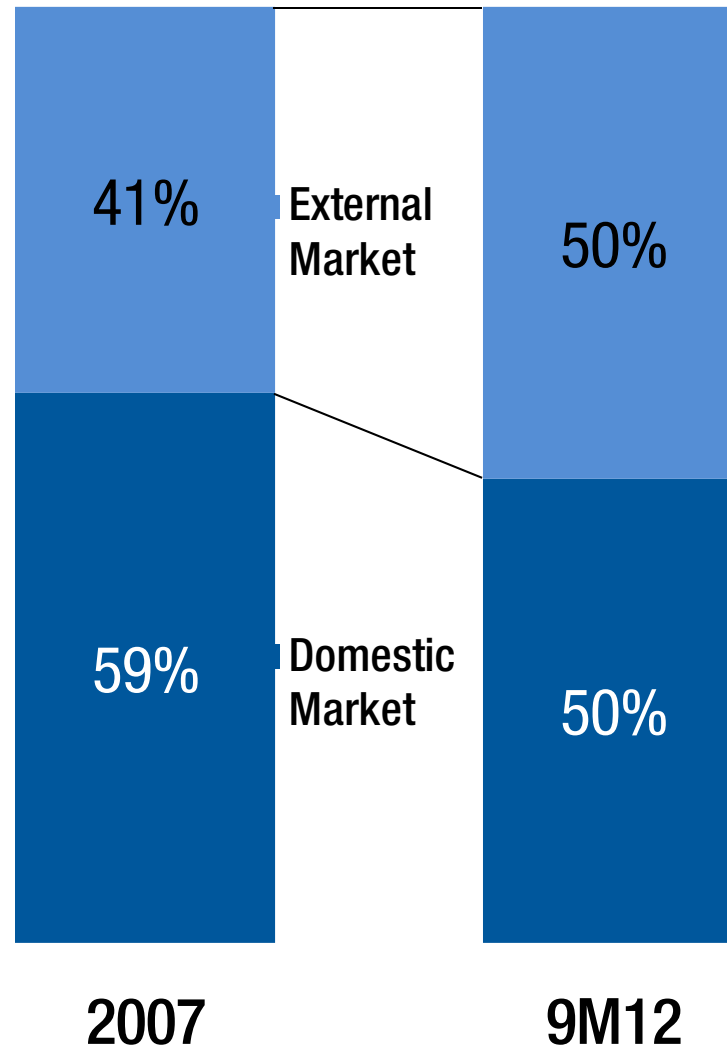


Diversification across markets



We adapt and thrive under almost any condition

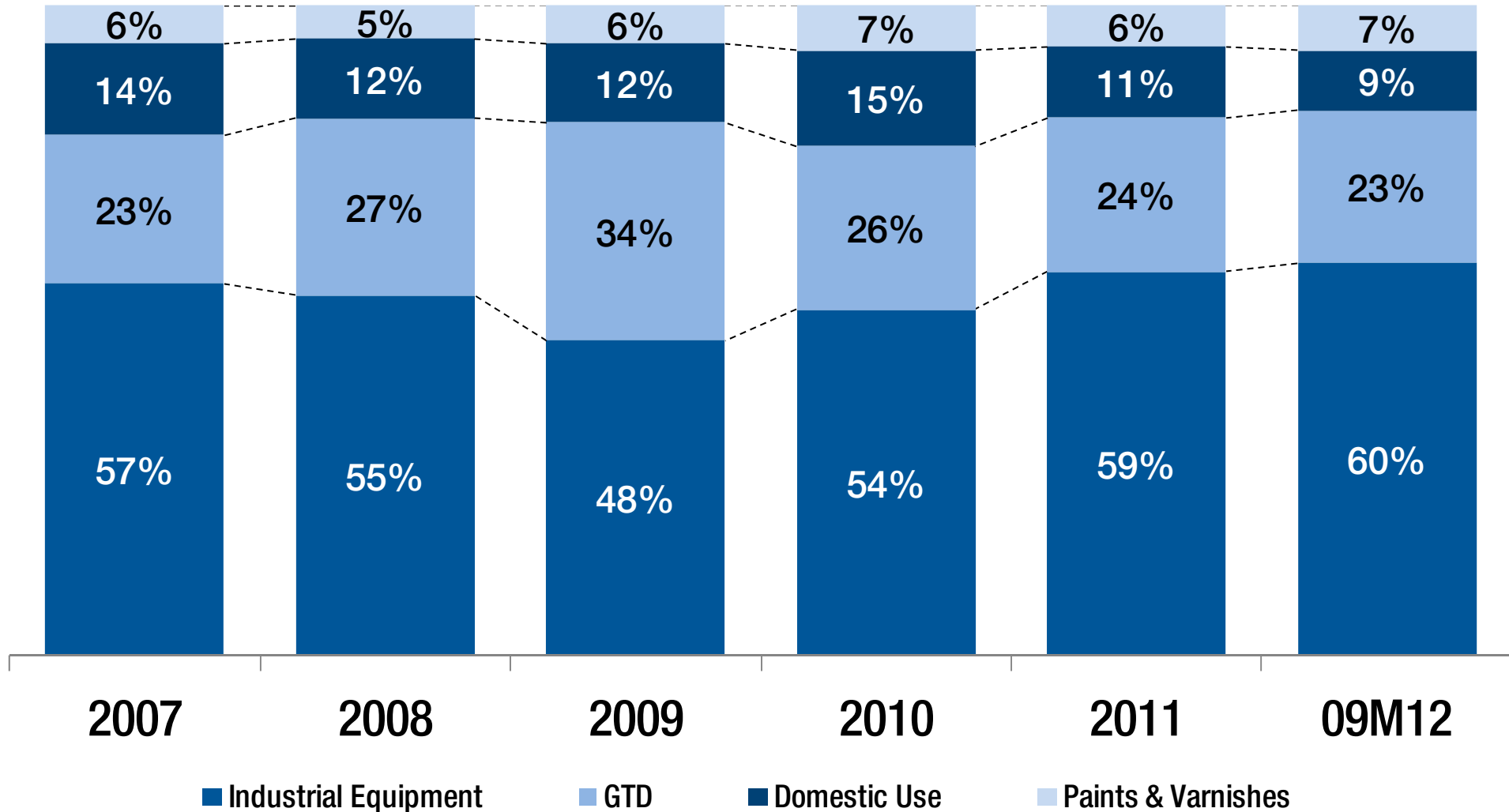
Domestic & External markets



Broad and synergistic product portfolio



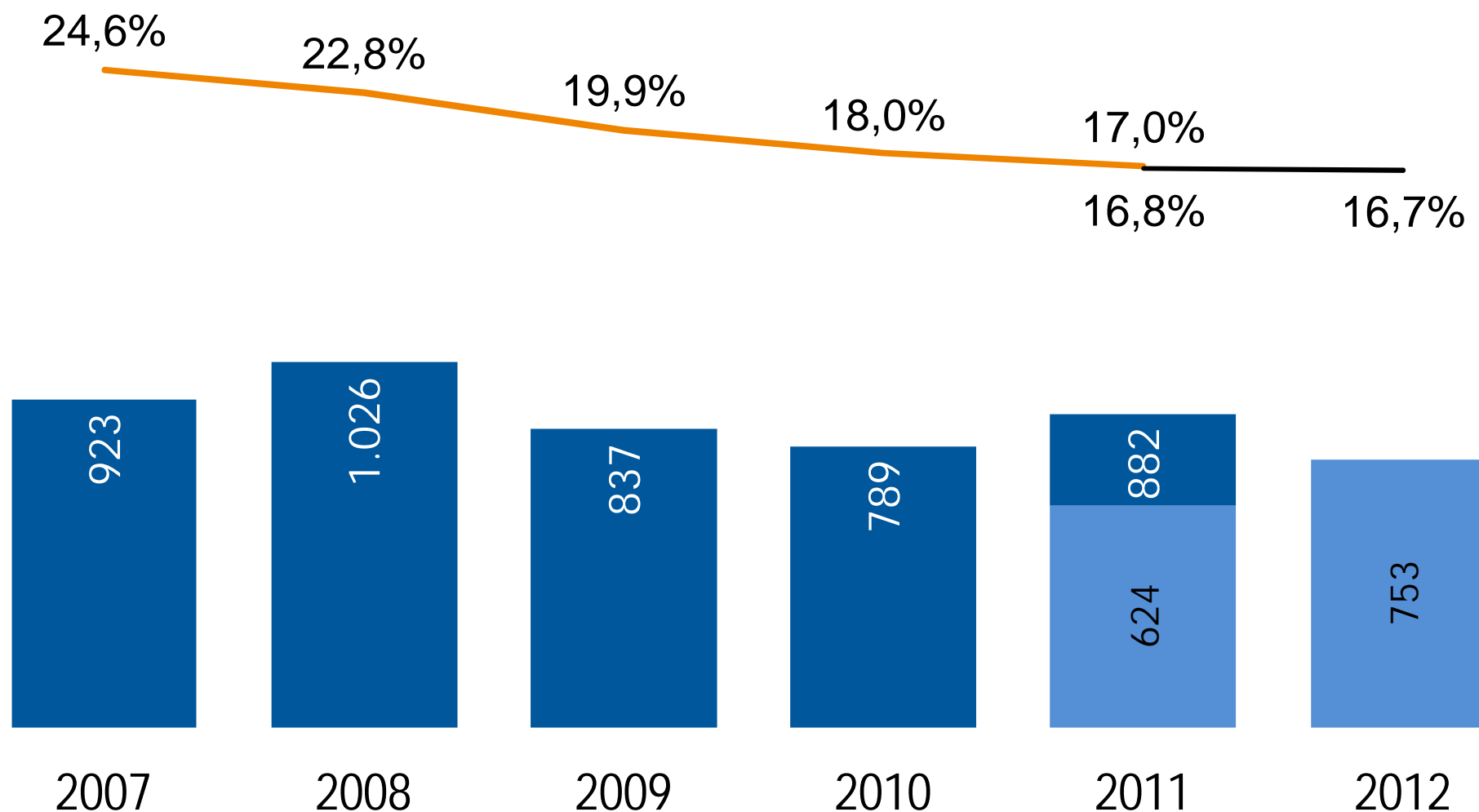
Business areas revenue mix



EBITDA and margins



EBITDA (R\$ million) and EBITDA Margin



How to improve margins / increase competitiveness?

- Strong focus to improve competitiveness
 - Internal productivity and continuous improvement
 - Improve global manufacturing footprint
 - Innovation and higher technological content
- Recovery of overall economic conditions



Industry structure and WEG's business model



Our industry is undergoing major change



Megatrends cause changes in demand and create opportunities

Energy and industrial efficiency

- Electric motors represent around 25% of world electricity consumption
- Industrial productivity increases and ISO 50.001 (energy management) drives investments

Renewable energy

- Global need to diversify energy sources and lower GHG emissions
- Scale and technological development increases viability

Smart grid

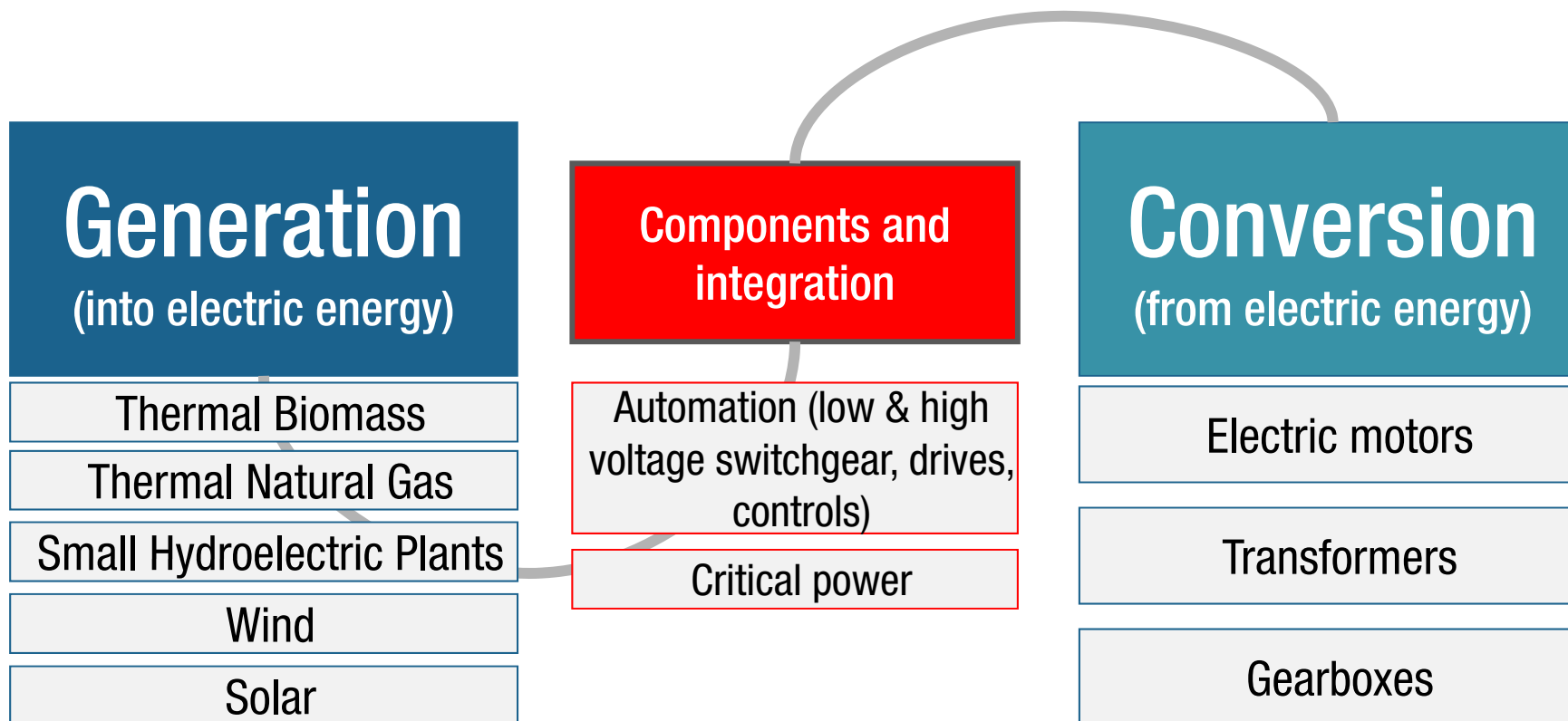
- Electricity distribution network has to become "smarter"
- More sensors, more automation, more efficient generation and use of electricity

Electrical mobility

- Increasing urbanization adds to congestions and need of new solutions
- Electric vehicles, hybrids or alternative fuels will become more common

Electric equipment industry structure

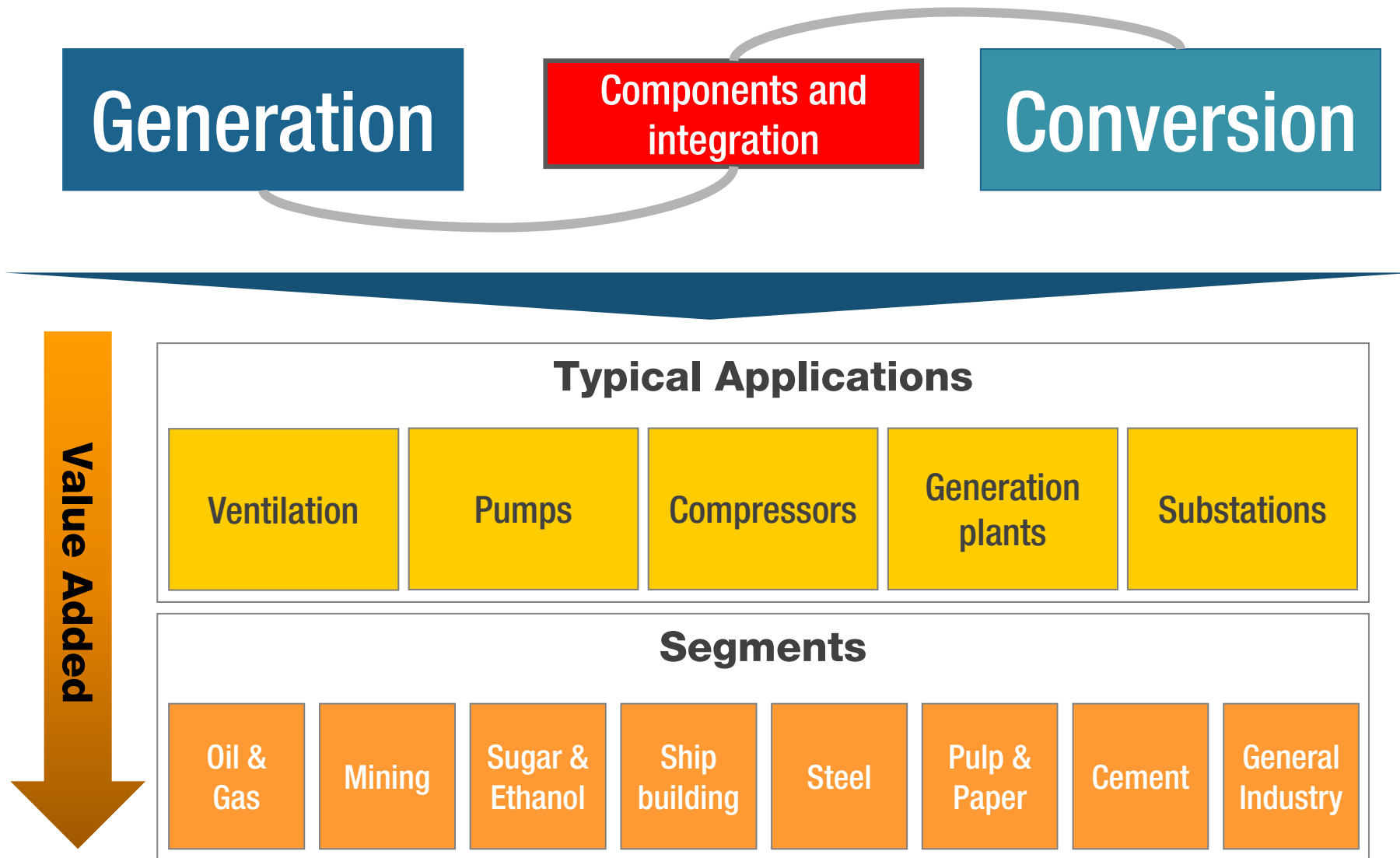
As perceived by WEG



“The final destination”



Strategic integration of equipment into complete solutions



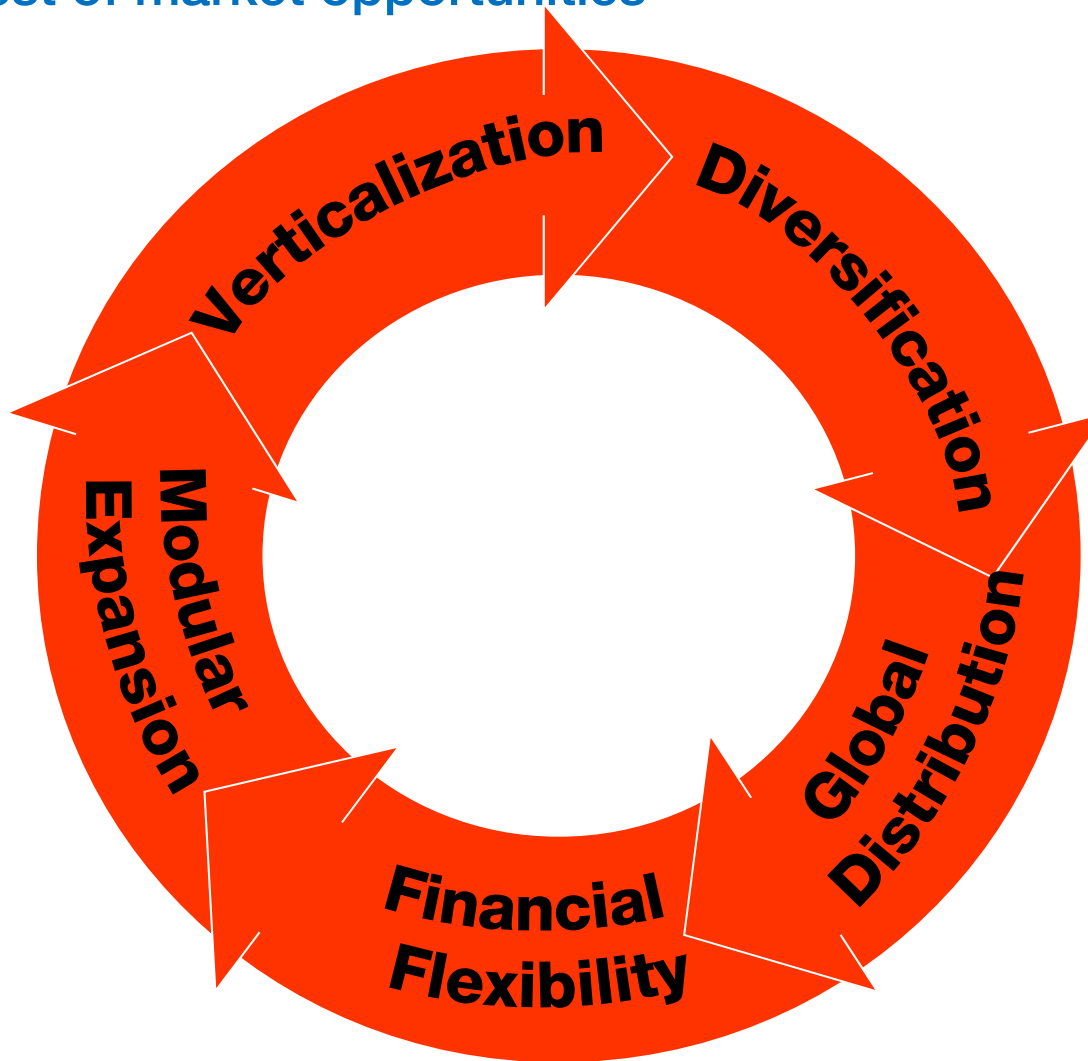
Strategic Positioning



		ABB	SIEMENS	Schneider Electric	EMERSON	REGAL ELECTRIC	ALSTOM	WEG
Motors	Appliance	●	●			●		●
	Industrial	●	●			●		●
Energy	High Voltage	●	●			●	●	●
	Generators	●	●			●	●	●
	Biomass Systems	●	●				●	●
	Small Hydro	●	●				●	●
	Wind	●	●				●	●
T&D	Power	●	●	●			●	●
	Dry	●	●	●			●	●
	Distribution	●	●	●			●	●
	Substations	●	●				●	●
Automation	Drives	●	●	●	●	●		●
	Controls	●	●	●	●			●
	Panels	●	●	●	●			●
New Business	Gearboxes	●	●			●		●
	Gensets	●				●		◐
	Hydro Turbines						●	●
	Steam Turbines		●				●	
	Gas Turbines		●				●	

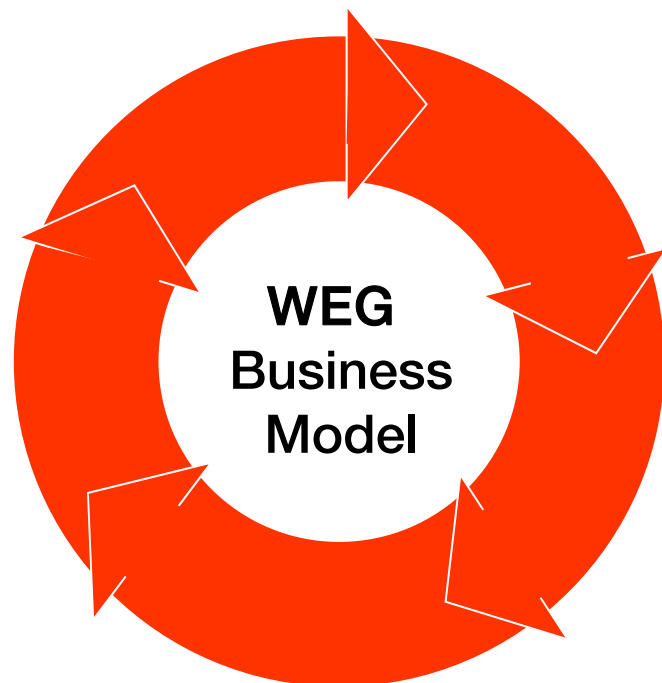
Differentiated business model

Our capabilities and characteristics are quite unique and enable us to make the best of market opportunities



Clear competitive advantages

Unique business model creates important and stable advantages



Competitive Advantages

- Large and synergistic portfolio
- Worldwide presence
- One-stop shop concept
- Mass customization
- Production in low cost emerging markets
- Low financial leverage
- Focus on M&A enabling continuous future growth

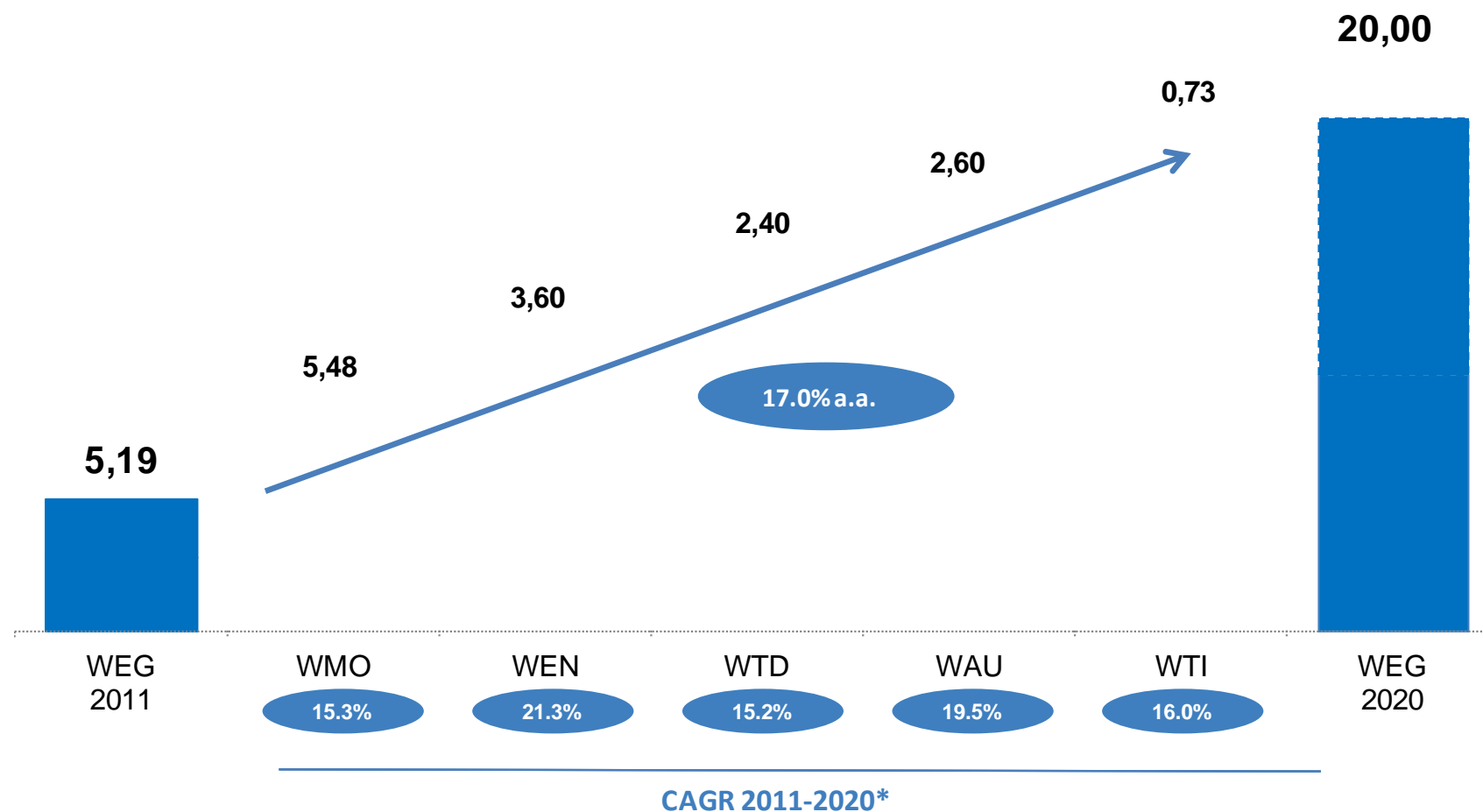


Strategic Planning



WEG Strategic Plan 2020

Corporate aspiration of R\$ 20 billion by 2020





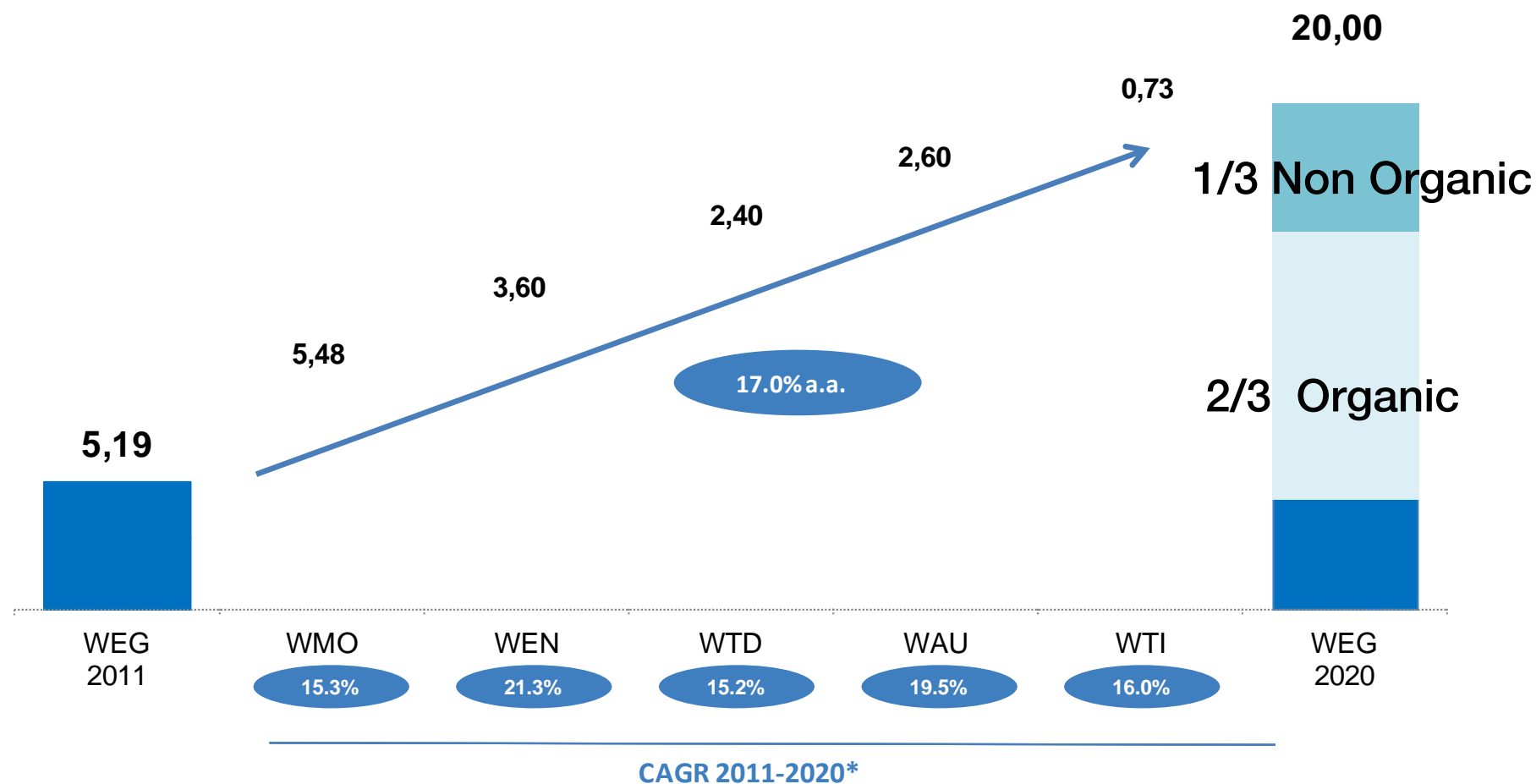
Growth drivers

- **“More and Better”**
- **International Expansion**
- **New Businesses**



Growth comes from diverse base

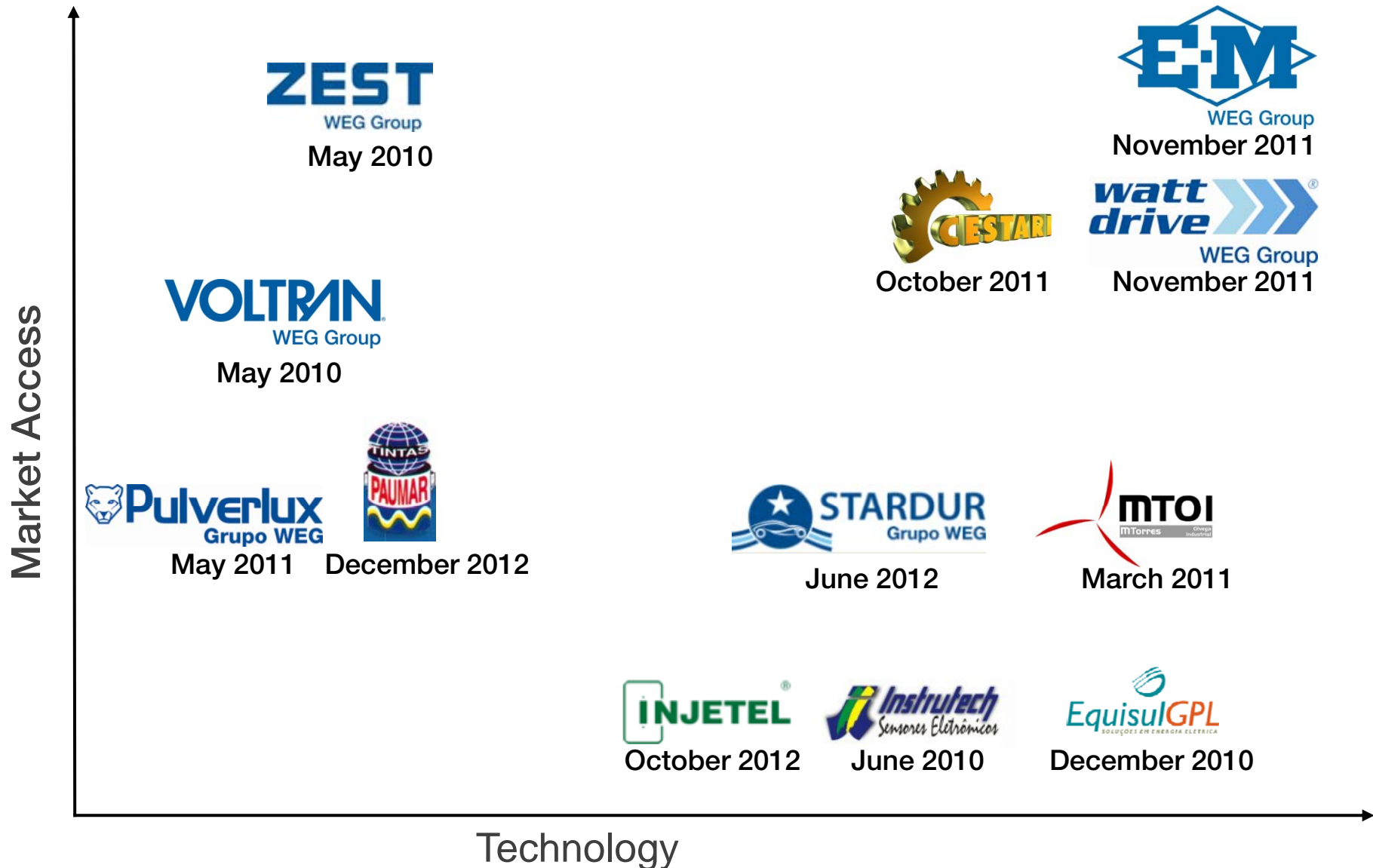
Disciplined approach to organic and non-organic expansion



Portfolio Strategy



Clear vision of attractiveness of opportunities





Financial performance

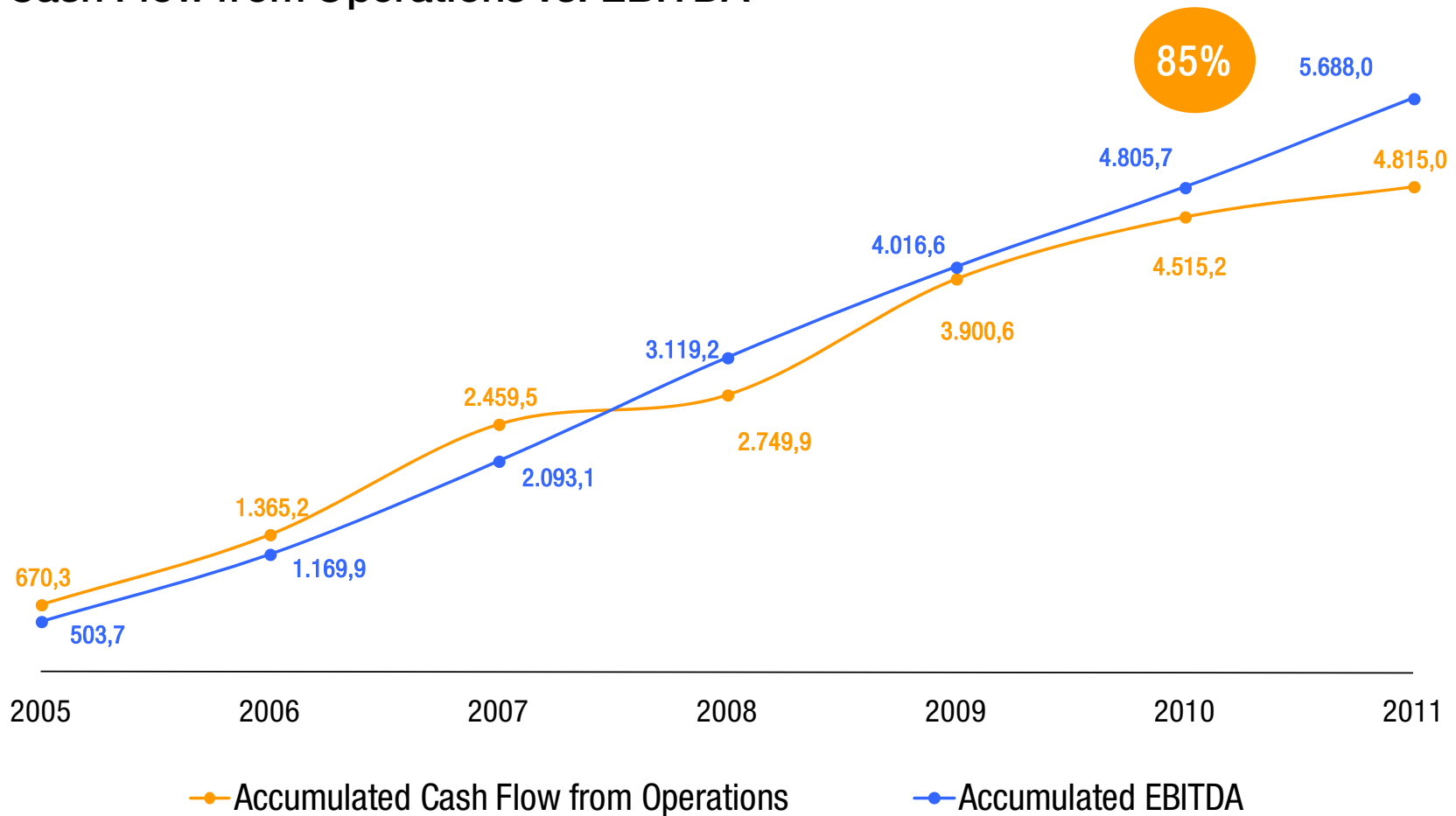


Strong cash flow conversion



We can continue to rely on cash generation as primary source of growth financing

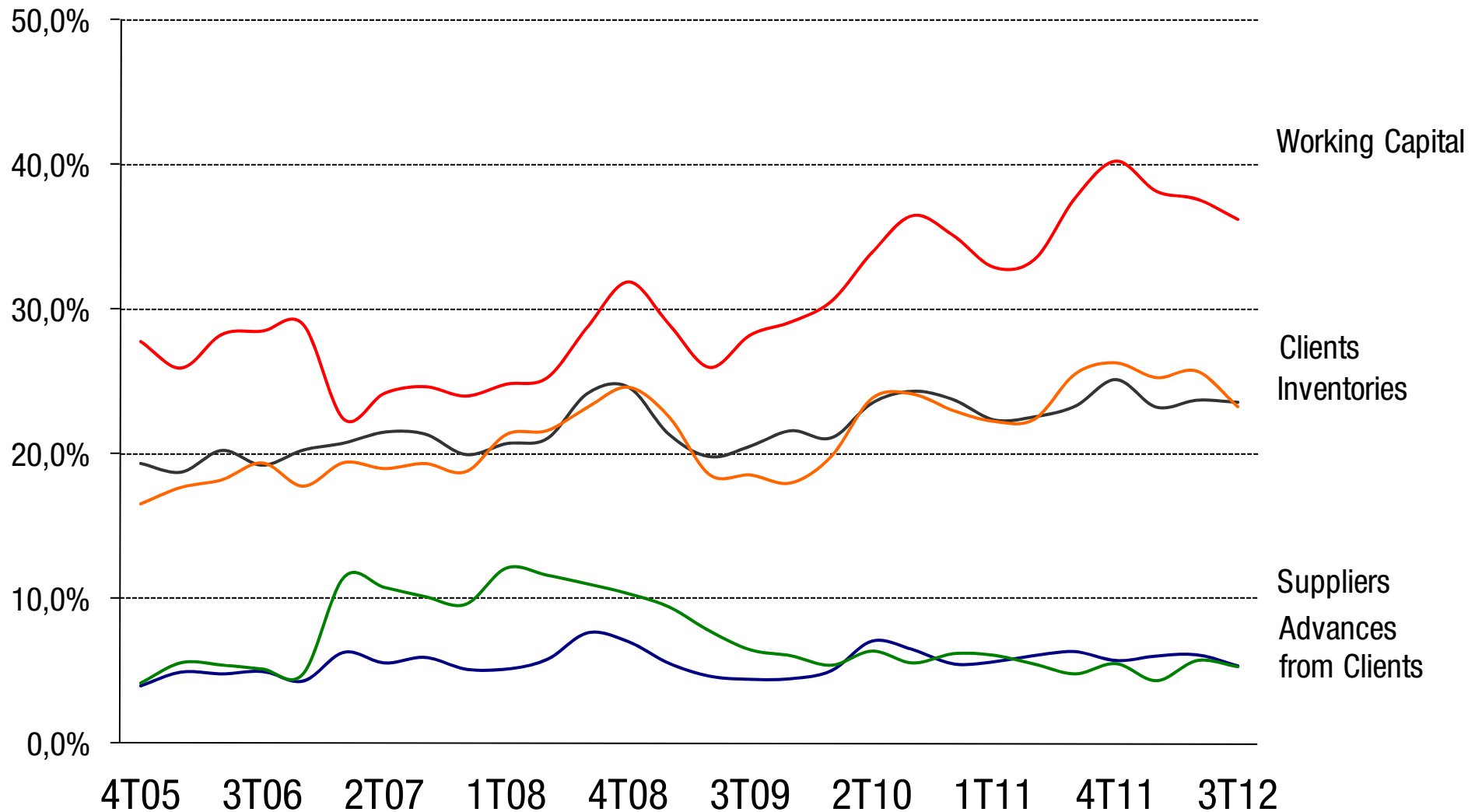
Cash Flow from Operations vs. EBITDA



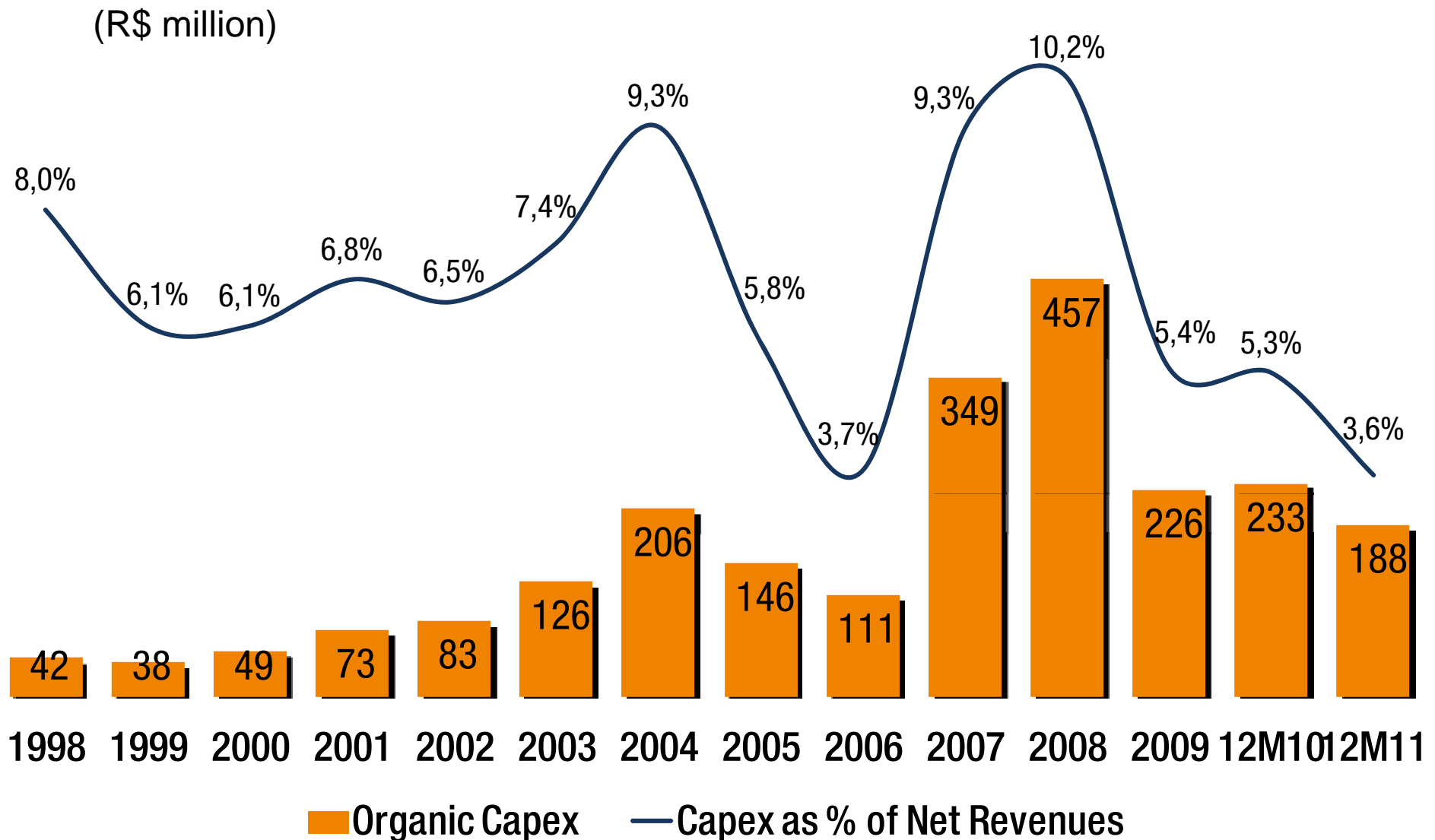
Working capital needs



(% of Net Revenues)



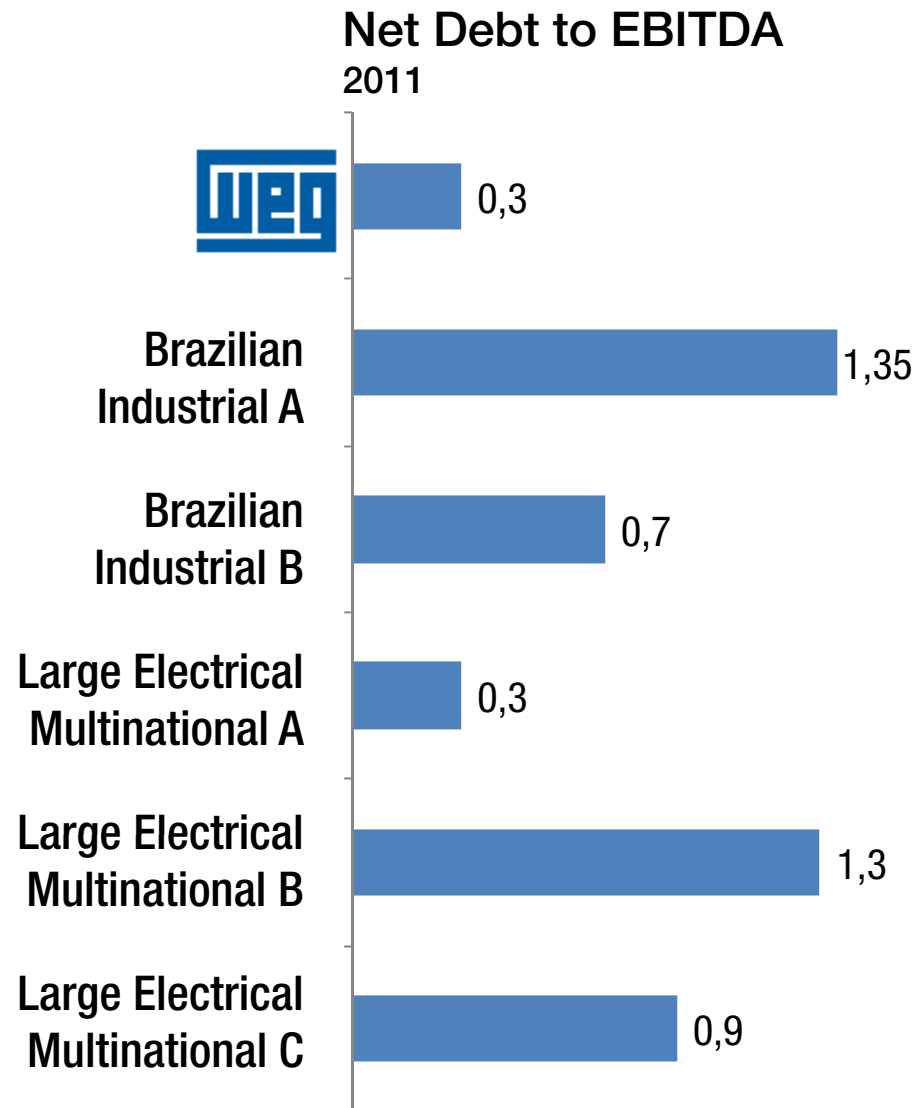
Organic Capex



Solid capital structure



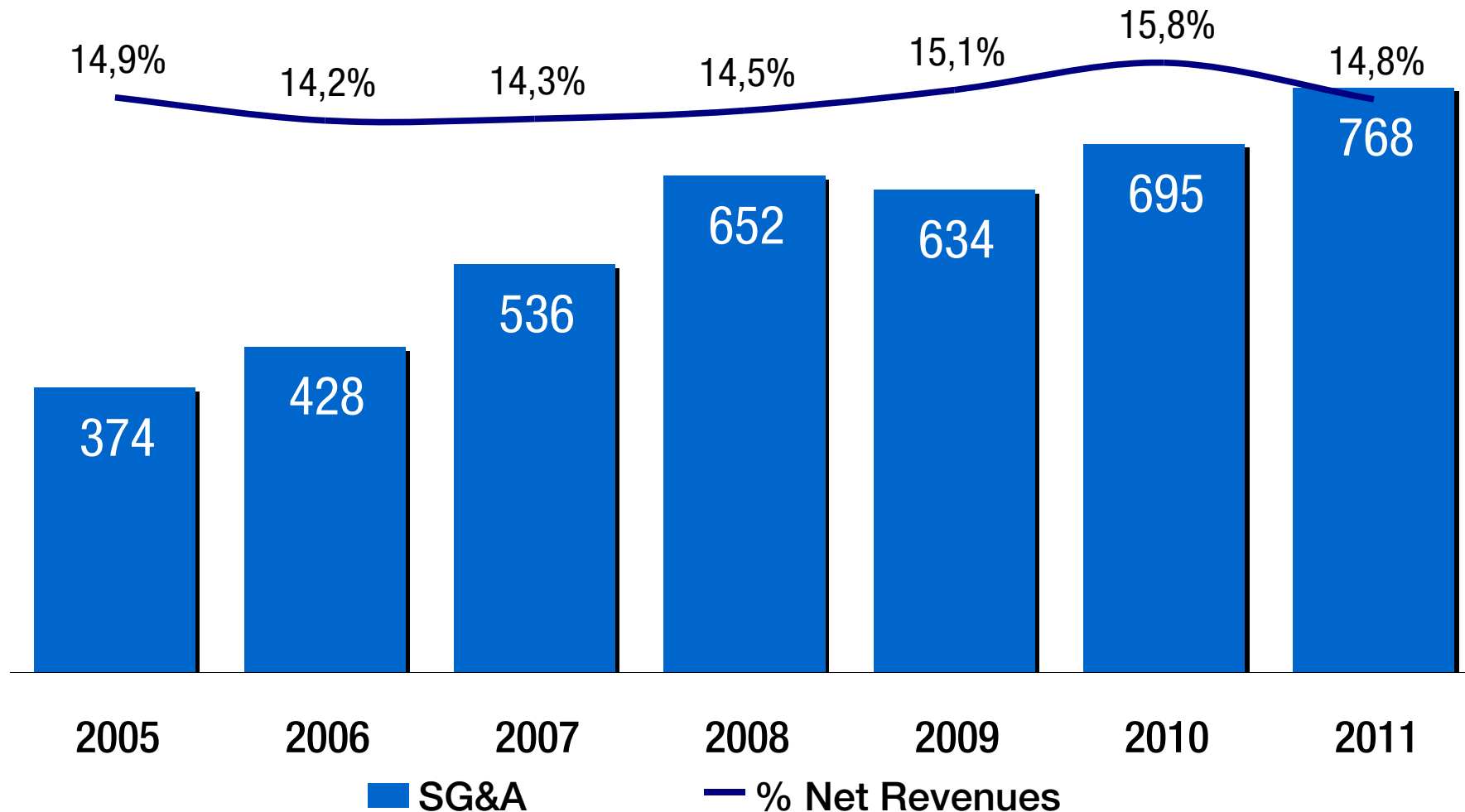
WEG has room to increase leverage



Selling, General & Administrative Expenses



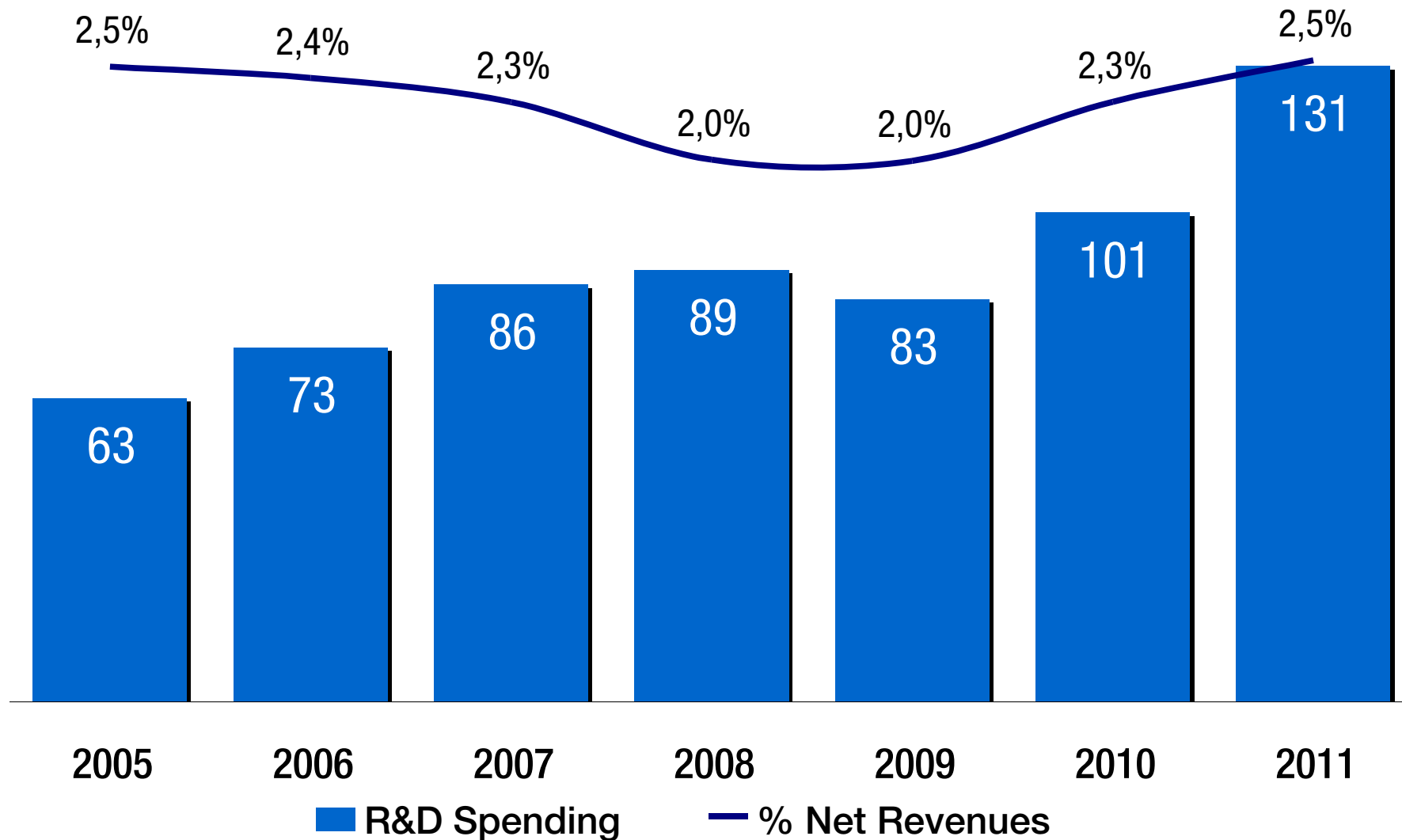
(R\$ million)



Research & Development



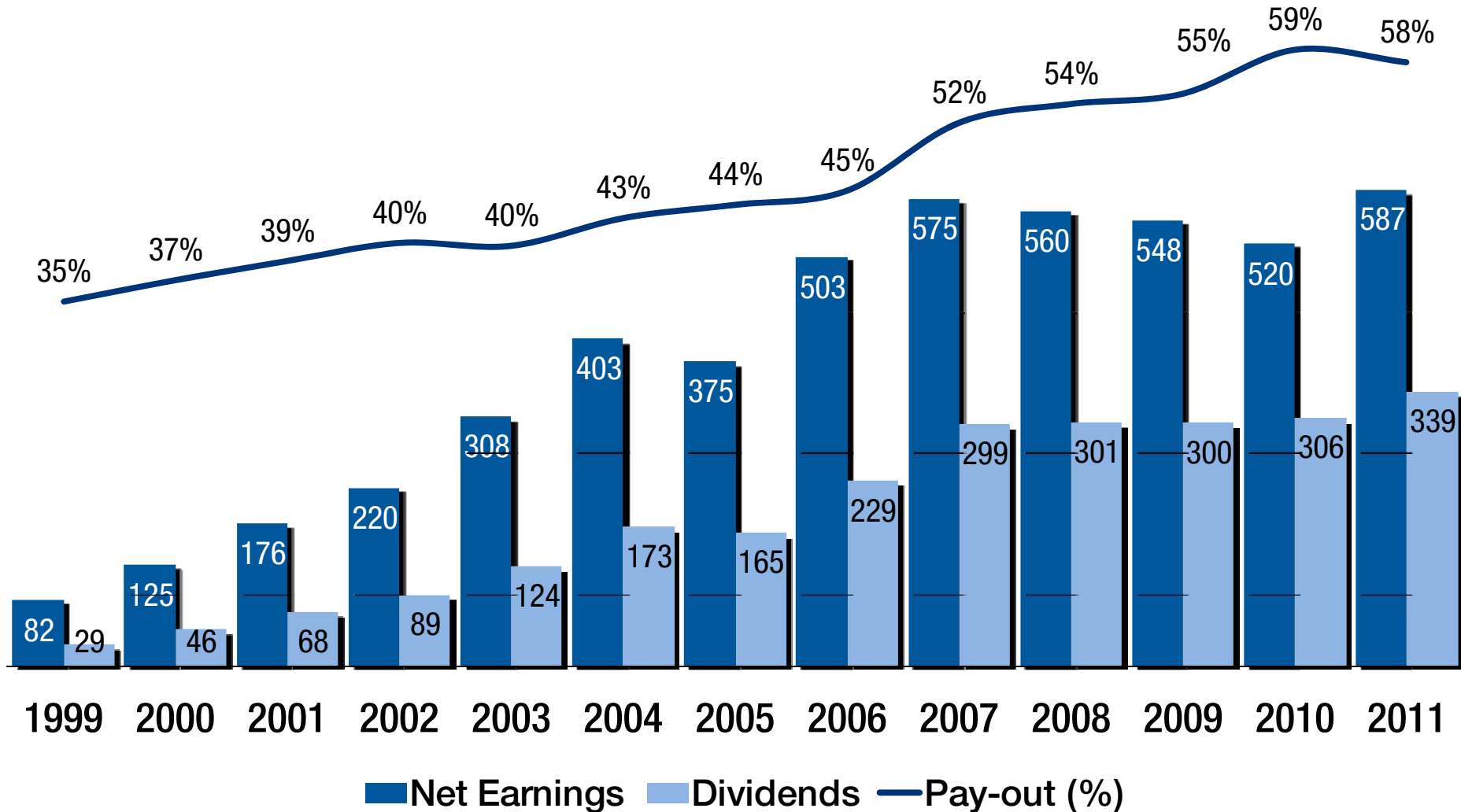
(R\$ million)




Dividend Pay-out Policy



Net Earnings and Dividends (R\$ million)



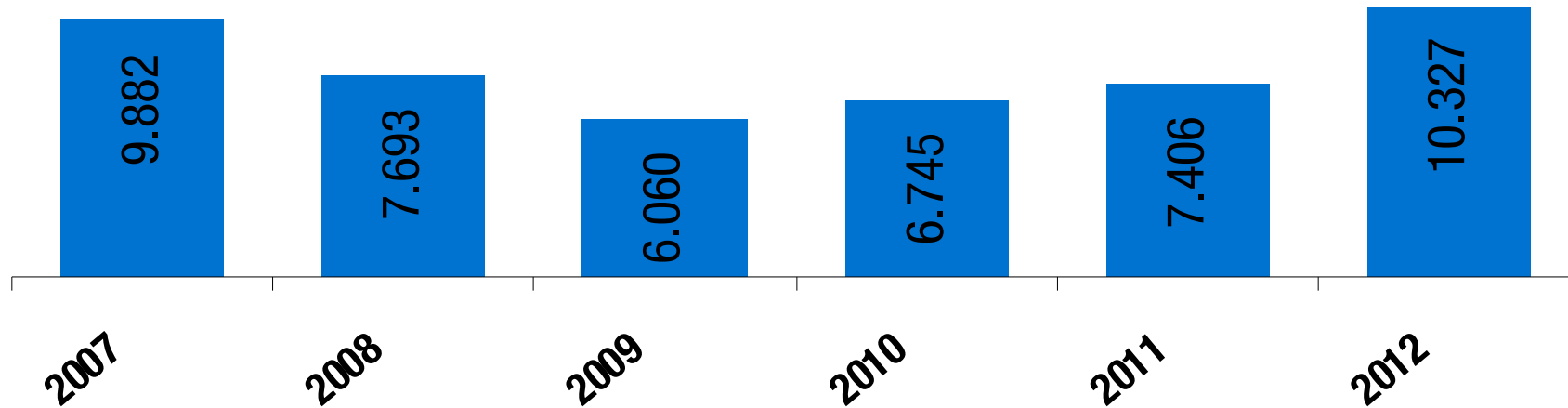
Recent capital markets related activities

- 
- Sponsored level 1 ADR (JP Morgan)
 - Market Maker at BM&F Bovespa (Credit Suisse)
 - New web site, with intensive use on social media tools
 - Gradually improve information disclosure
 - Increase sell side coverage
 - More intense investor contact
 - Increase sustainability communications

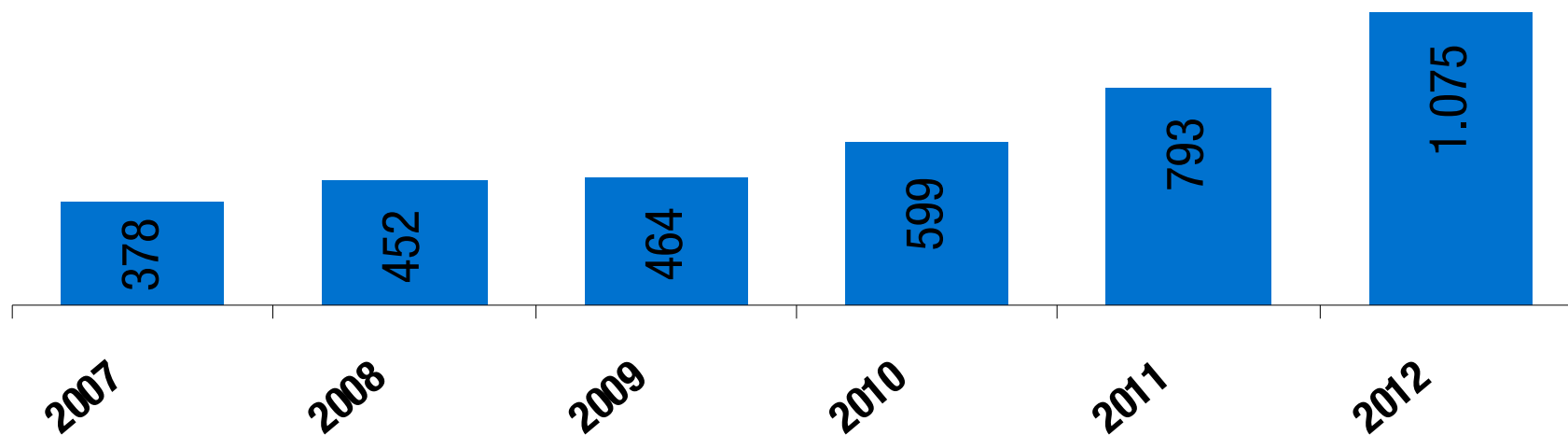
Liquidity – WEGE3



Average Daily Traded Volume (R\$ th)



Average Daily Trades



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



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