

Motors | Automation | Energy | T&D | Paints



WEG

Investor Presentation

November, 2011

WEGE3 / WEGZY



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Business Units



Motors



Automation



Energy



Transmission
& Distribution



Coatings

Highlights

Third Quarter, 2011



	Q3 2011	Q2 2011	Growth %	Q3 2010	Growth %
Gross Operating Revenue	1.552.044	1.510.276	2,8%	1.419.160	9,4%
Domestic Market	953.515	936.061	1,9%	906.954	5,1%
External Markets	598.529	574.215	4,2%	512.207	16,9%
<i>External Markets in US\$</i>	<i>364.730</i>	<i>360.639</i>	<i>1,1%</i>	<i>298.020</i>	<i>22,4%</i>
Net Operating Revenue	1.317.483	1.277.258	3,1%	1.188.622	10,8%
Gross Operating Profit	418.266	381.437	9,7%	377.227	10,9%
<i>Gross Margin</i>	<i>31,7%</i>	<i>29,9%</i>		<i>31,7%</i>	
Net Income	154.567	154.557	0,0%	142.106	8,8%
<i>Net Margin</i>	<i>11,7%</i>	<i>12,1%</i>		<i>12,0%</i>	
EBITDA	243.743	215.579	13,1%	209.196	16,5%
<i>EBITDA Margin</i>	<i>18,5%</i>	<i>16,9%</i>		<i>17,6%</i>	
EPS	0,2491	0,2491	0,0%	0,2289	8,9%

Figures in R\$ Thousands

Positioned to benefit from mega trends

Energy Management

- Industrial electricity consumption is the largest portion of global consumption
- Management systems (ISO 50.001) already being implemented

Renewable Energy

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



Smart Infrastructure

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

Mobility

- Increasing urbanization adds to congestions and need of new solutions
- Hybrids, pure electric and alternative fuels vehicles will become more important

Portfolio Strategy



EM acquisition was double play

- **Access to Technology**

- 2 pole turbo generator technology
- American Petroleum Institute (API) compliant machinery

- **Access to premier market**

- Outstanding brand recognition and reputation
- Deep and long standing key customer relationships
 - Oil and gas (in the vendor lists of all majors)
 - Power generation
- Large installed base of more than 5,500 units in operation

EM gives WEG to key technologies

2 pole turbo generator technology allows WEG to increase the power range



- With 4 poles (current), up to 65 MVA
- Now, with 2 poles, up to 120 MVA,

New opportunities in supplying for:

- Gas turbines
- Steam turbines

EM also allows WEG to increase presence in two important segments



- Oil & gas
 - Crude and natural gas exploration (up and downstream)
 - Oil-prices driven growth, both in new opportunities (i.e. pre-salt) as improving existing equipment



- Power generation
 - Generators and electric motors for fans, water pumps, etc.
 - Modernization of aging infrastructure
 - Recertification of nuclear power plants

Technology, reputation and relationships can be transferred to other markets / geographies

WEG can leverage EM's assets

- Sinergies from combining EM's and WEG's strenghts



- Brand recognition and reputation in high-power rotating machines (HPRM)
- Deep and long standing key customer relationships
 - Oil and gas (in the vendor lists of all majors)
 - Power generation
- Large installed base of more than 5,500 units in operation



- Complete line of products, offering one stop shop solutions;
- Large commercial network across the world
- Strong market presence in fast growing emerging economies, such as Latin America

Power Transmission fits into efficiency theme

- Power Transmission is part of strategy to integrate new products and expertise
 - WEG / Cestari joint venture
 - Watt Drive acquisition
- Growing demand for integrated solutions
 - Energy efficiency
 - Operating performance



Electric motor
(electrical)



Gearbox
(mechanical)

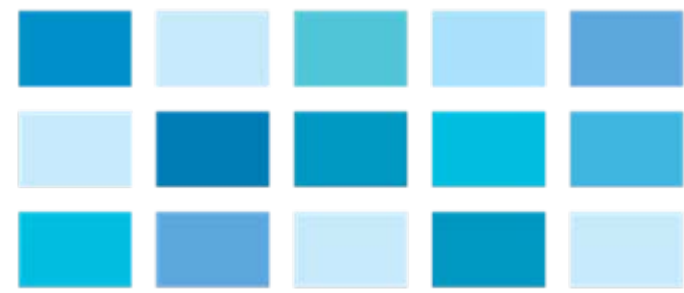


Drives
(electronics)

Gearboxes market can be divided in niches

- **Commoditized**
 - Large volume, low margins
 - Simple applications (conveyor belts, lathes, etc.)
 - Up to 50 hp, with low efficiency and relatively simple engineering
- **Customized**
 - Similar to WEG's core industrial motors business (mass customization)
 - More complex applications (mixers, extruders)
 - All power ranges, higher efficiency and relatively higher engineering complexity
- **Innovations**
 - One of a kind, similar to WEG's HV core
 - Highly complex applications (wind energy, mining)
 - High efficiency, high engineering complexity

Growth Drivers & Opportunities



- New and improved products, focusing efficiency, reliability and features
- More integrated systems / complete solutions
- New markets / products, R&D and acquisitions and new geographies.

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WEG Relações com Investidores

Português | Pesquisar

Governança Corporativa | Informações Financeiras | Informações aos Investidores | Notícias

Relatório Anual 2010

Governança Corporativa
AGO/E 26/04/2011: Ata
 quarta-feira, 26 de abril de 2011
 Ata da Assembleia Geral Ordinária e Extraordinária realizada em 26/04/2011 04:26 Ata AGO E 2011 (pdf)
[leia mais...](#)

Mar 2011 – Valores Mobiliários Negociados e Detidos
 segunda-feira, 11 de abril de 2011
 Valores Mobiliários Negociados e Detidos (art. 11 da Instr. Cvm Nº 358) – Posição Consolidada em março de 2011.
[leia mais...](#)

Fatos Relevantes
Anúncio de Programa de Recompra de Ações
 segunda-feira, 11 de abril de 2011
 A WEG S.A., de acordo com a Instrução CVM nº 358/02 e o artigo 157 da Lei nº 6.404/76, comunica aos seus acionistas e ao mercado em geral que o Conselho de Administração da Companhia, em reunião realizada nesta data, aprovou a aquisição de até 500.000 (quinhentas mil) ações ordinárias de emissão da Companhia, em [...] [leia mais...](#)

WEG anuncia a criação de joint venture com M. TORRES OLVEGA INDUSTRIAL (MTOI) para a fabricação de aerogeradores
 quarta-feira, 5 de março de 2011
 A WEG S.A. anunciou hoje a assinatura de Memorando de Entendimento e o Acordo de Transferência de Tecnologia com a M. Torres Olvega Industrial (MTOI).
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Notícias Recentes
Resultados 1T11
 quarta-feira, 27 de abril de 2011
 Primeiro trimestre de 2011 tem forte crescimento A WEG S.A., um dos maiores fabricantes mundiais de equipamentos eletro-eletrônicos, atuando principalmente em bens de capital em cinco linhas principais: Motores, Energia, Transmissão & Distribuição, Automação e Tintas, anunciou hoje seus resultados referentes ao primeiro trimestre 2011 (1T11). As informações financeiras e operacionais a seguir, exceto quando [...] [leia mais...](#)

Agência de divulgação Resultados 1T 2011
 segunda-feira, 11 de abril de 2011
 Veja o calendário de divulgação dos resultados do primeiro trimestre de 2011 (1T11). Agência divulgação resultados 1T11
[leia mais...](#)

Resultados
Resultados 1T11
 quarta-feira, 27 de abril de 2011
 Primeiro trimestre de 2011 tem forte crescimento A WEG S.A., um dos maiores fabricantes mundiais de equipamentos eletro-eletrônicos, atuando principalmente em bens de capital em cinco linhas principais: Motores, Energia, Transmissão & Distribuição, Automação e Tintas, anunciou hoje seus resultados referentes ao primeiro trimestre 2011 (1T11). As informações financeiras e operacionais a seguir, exceto quando [...] [leia mais...](#)

Relatório Anual 2010
 quarta-feira, 7 de abril de 2011
 Relatório Anual 2010
[leia mais...](#)

Demonstrações Financeiras Padronizadas 2010
 quarta-feira, 23 de fevereiro de 2011
 Faça o download do arquivo pdf.
[leia mais...](#)

WEG IR
 valor_economico WEG tem alta de receita de 18,7% no trimestre <http://is.gd/N150EY>
 7 horas ago · reply · reblog · favorito

EPE_Brasil Resenha Mensal: consumo nacional de eletricidade cresce 4,8% no 1º trimestre e soma 107,231 GWh em 2011. [leia mais em http://mjg.re.me/4X0q](http://mjg.re.me/4X0q)
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Códigos

Ações	
WEG3	20,05 (-4,52%)
Indice	
IBOVESPA	86,207 (-1,40%)
IDIV JONES	
INDXBR	2,262 (+0,54%)
Dólar	
A\$D	
EUR	R\$ 2,31
GBP	R\$ 2,89
USD	R\$ 1,95
HKD	R\$ 1,79
JPY	R\$ 0,02

Novel | 17:02

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Mapa de Mídias Sociais

Highlights

Nine months of 2011



	09M11	09M10	%
Gross Operating Revenue	4.405.457	3.778.127	16,6%
Domestic Market	2.752.439	2.539.463	8,4%
External Markets	1.653.018	1.238.665	33,5%
<i>External Markets in US\$</i>	<i>1.013.580</i>	<i>700.290</i>	<i>44,7%</i>
Net Operating Revenue	3.720.858	3.133.544	18,7%
Gross Operating Profit	1.110.365	995.652	11,5%
<i>Gross Margin</i>	<i>29,8%</i>	<i>31,8%</i>	
Quarterly Net Income	430.688	378.273	13,9%
<i>Net Margin</i>	<i>11,6%</i>	<i>12,1%</i>	
EPS			
EBITDA	624.130	564.961	10,5%
<i>EBITDA Margin</i>	<i>16,8%</i>	<i>18,0%</i>	

Figures in R\$ Thousands

Balance Sheet

Assets



Figures in R\$ Thousands

	September 2011		December 2010		September 2010	
	R\$	AV%	R\$	AV%	R\$	AV%
CURRENT ASSETS	5.742.007	66%	4.794.009	64%	4.628.280	63%
Cash & cash equivalents	3.086.568	35%	2.552.996	34%	2.399.773	33%
Receivables	1.162.056	13%	1.044.712	14%	1.026.652	14%
Inventories	1.269.623	15%	1.008.952	13%	1.015.175	14%
Other current assets	223.760	3%	187.349	2%	186.680	3%
LONG TERM ASSETS	378.587	4%	136.984	2%	149.892	2%
Long term securities	233.266	3%	0	0%	0	0%
Deferred taxes	103.846	1%	78.810	1%	91.613	1%
Other non-current assets	41.475	0%	58.174	1%	58.279	1%
FIXED ASSETS	2.575.233	30%	2.580.171	34%	2.586.940	35%
Investment in Subs	933	0%	601	0%	222	0%
Property, Plant & Equipment	2.397.920	28%	2.395.575	32%	2.394.633	33%
Intangibles	176.380	2%	183.995	2%	192.085	3%
TOTAL ASSETS	8.695.827	100%	7.511.164	100%	7.365.112	100%

Balance Sheet

Liabilities



Figures in R\$ Thousands

	September 2011		December 2010		September 2010	
	R\$	AV%	R\$	AV%	R\$	AV%
CURRENT LIABILITIES	2.818.379	32%	1.938.803	26%	1.795.005	24%
Social and Labor Liabilities	188.599	2%	141.797	2%	167.220	2%
Suppliers	317.125	4%	242.300	3%	273.823	4%
Fiscal and Tax Liabilities	63.632	1%	72.204	1%	73.452	1%
Short Term Debt	1.797.222	21%	1.018.995	14%	841.311	11%
Dividends Payable	47.903	1%	63.440	1%	32.052	0%
Advances from Clients	239.143	3%	271.949	4%	233.844	3%
Profit Sharring	39.348	0%	23.583	0%	34.050	0%
Other Short Term Liabilities	125.407	1%	104.535	1%	139.253	2%
LONG TERM LIABILITIES	2.167.388	25%	2.028.525	27%	2.126.673	29%
Long Term Debt	1.491.765	17%	1.399.948	19%	1.503.836	20%
Other Long Term Liabilities	129.275	1%	86.875	1%	92.250	1%
Deferred Taxes	411.545	5%	415.318	6%	417.304	6%
Contingencies Provisions	134.803	2%	126.384	2%	113.283	2%
MINORITIES	98.709	1%	89.229	1%	85.991	1%
STOCKHOLDERS' EQUITY	3.611.351	42%	3.454.607	46%	3.357.443	46%
TOTAL LIABILITIES	8.695.827	100%	7.511.164	100%	7.365.112	100%

Highlights

Cash Flow Statement



	9 Months 2011	9 Months 2010
Operating Activities		
Net Earnings before Taxes	554.075	524.849
Depreciation and Amortization	139.393	135.920
Earnings from Subs (Equity Method)	-	(1.687)
Provisions:	92.160	73.387
Changes in Assets & Liabilities	(494.815)	(312.139)
Cash Flow from Operating Activities	290.813	420.330
Investment Activities		
Fixed Assets	(124.813)	(248.847)
Intangible Assets	(2.462)	(81.274)
Asset Write Downs	2.472	18.995
Accumulated Conversion Adjustment	38.401	(25.050)
Long term securities bought	(233.266)	-
Cash Flow From Investment Activities	(319.668)	(336.176)
Financing Activities		
Shares in Treasury	(10.055)	-
Working Capital Financing	767.072	(44.289)
Long Term Financing	102.972	516.903
Dividends & Interest on Stockholders Equity Paid	(297.562)	(284.112)
Cash Flow From Financing Activities	562.427	188.502
Change in Cash Position	533.572	272.656
Cash & Cash Equivalents		
Beginning of Period	2.552.996	2.127.117
End of Period	3.086.568	2.399.773