

Motors | Automation | Energy | T&D | Paints



J.P. Morgan Transportation and Industrials Brazil Conference

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Business Units



Motors



Automation



Energy



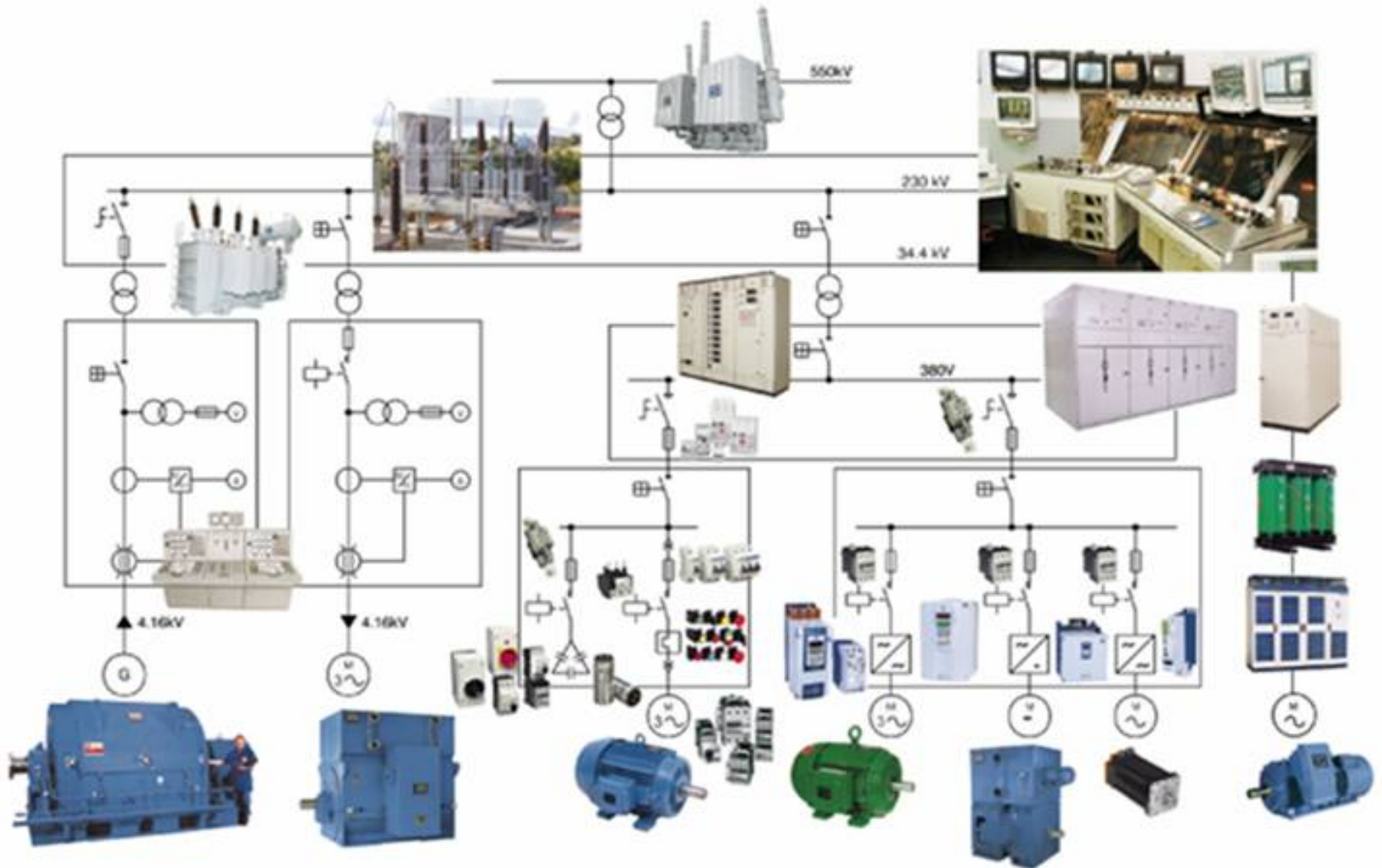
Transmission
& Distribution



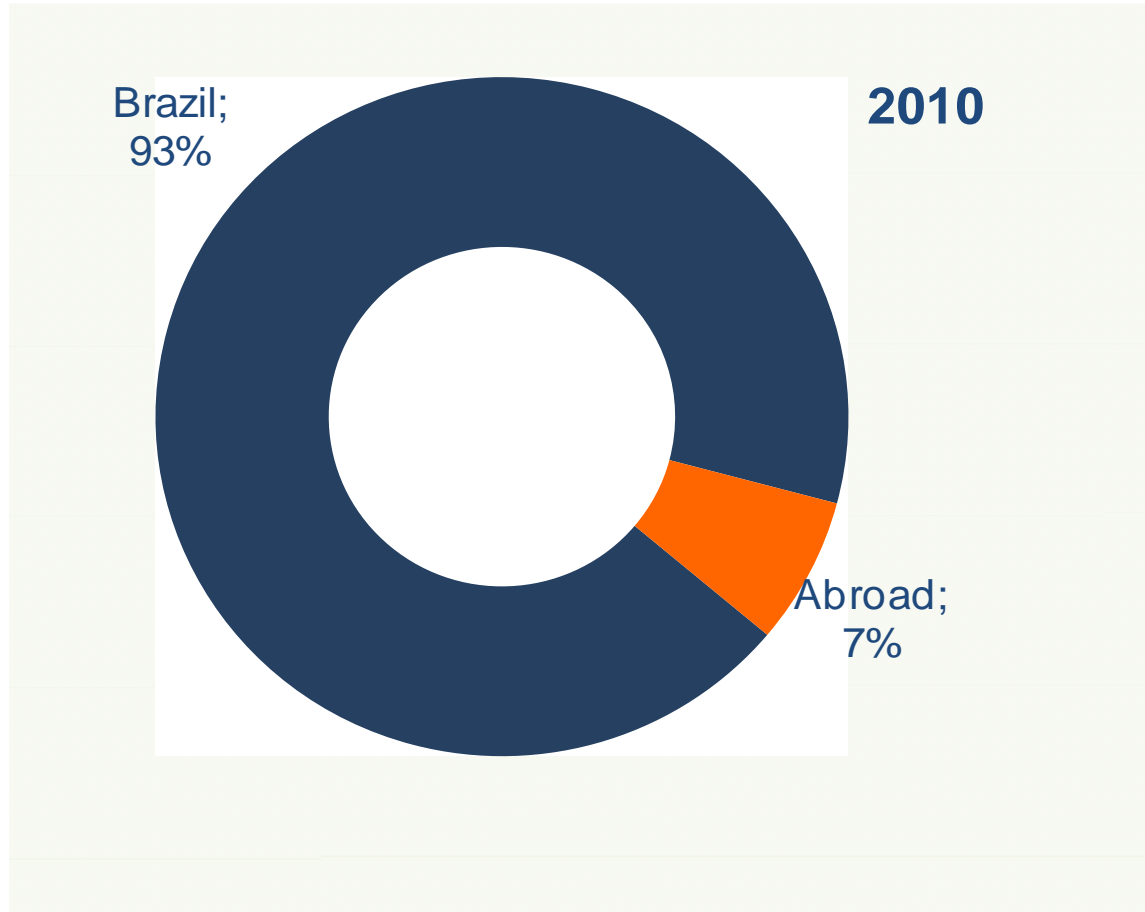
Coatings



Our Business



Revenues breakdown per production site



CHINA



MEXICO



MEXICO

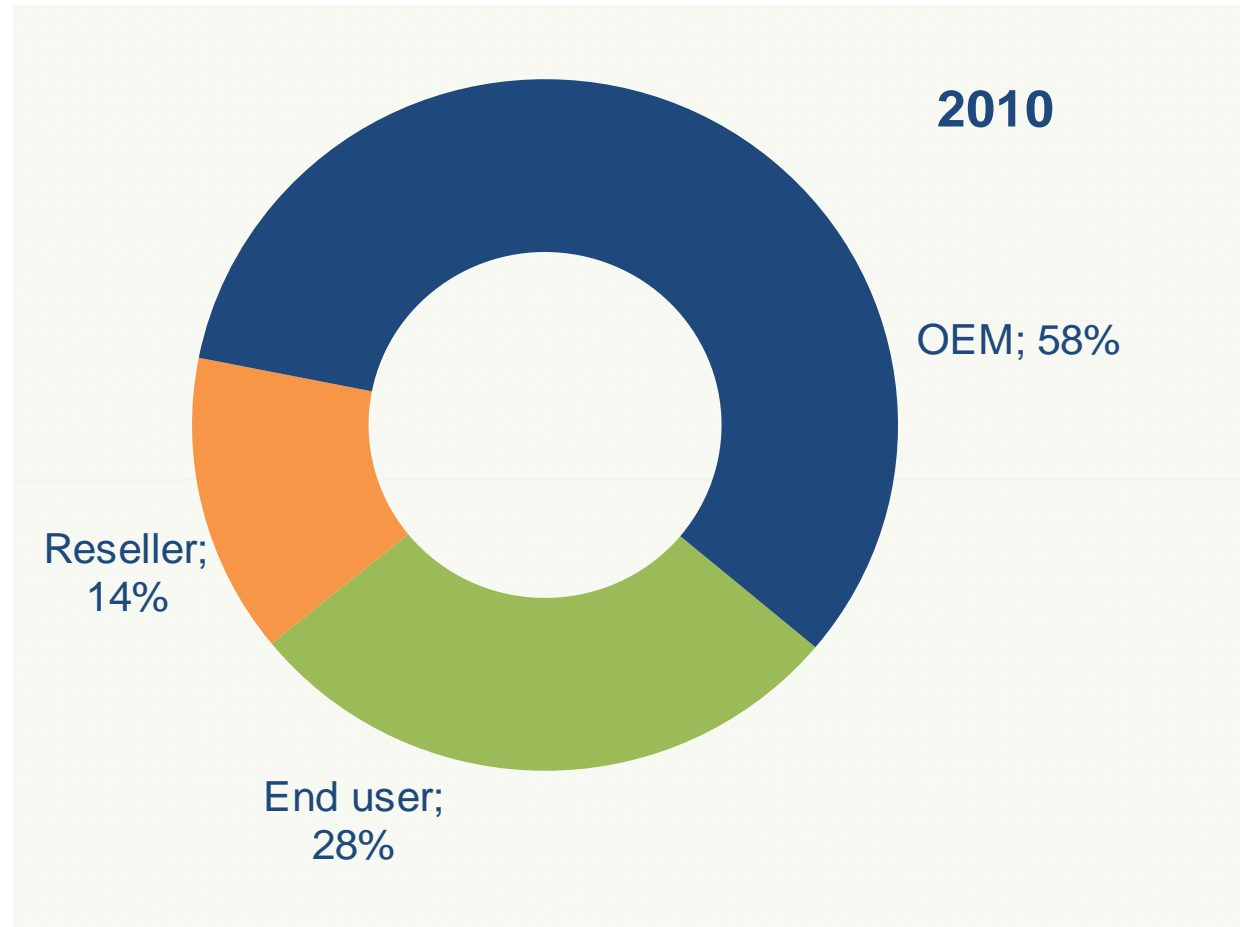


PORTUGAL







ARGENTINA

Revenues breakdown per distribution channel

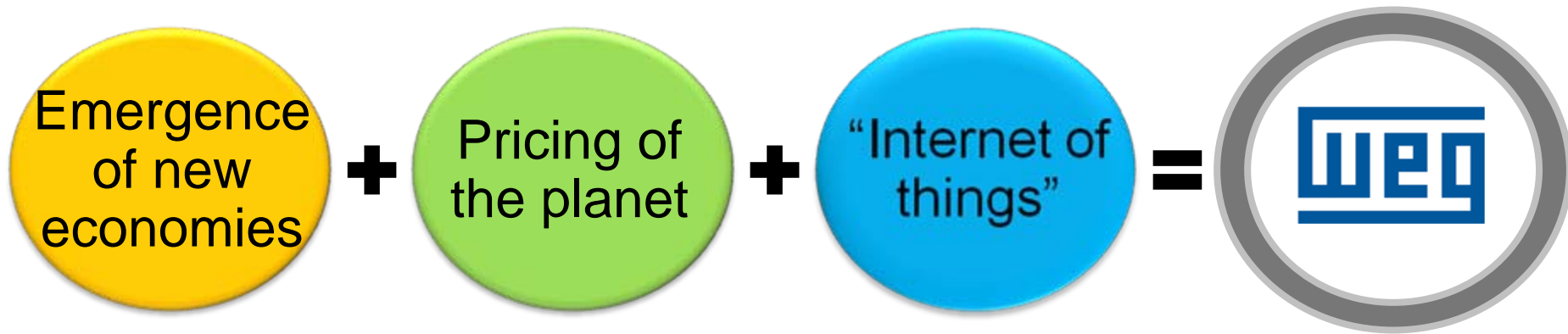


Business areas



	Electro-Electronic Industrial Equipments	Generation, Transmission and Distribution	Motors for Domestic Use	Industrial Paints and Varnishes
Business Units	Motors + Automation	Energy + T&D + Automation	Motors	Coatings
Performance Drivers	Industrial Production growth and Investments in Fixed Capital (capex)	Growth in investments in electric energy infrastructure	Disposable income, supply of credit and level of interest rates	Brazilian GDP growth
				

Mega trends are reshaping the competitive landscape



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

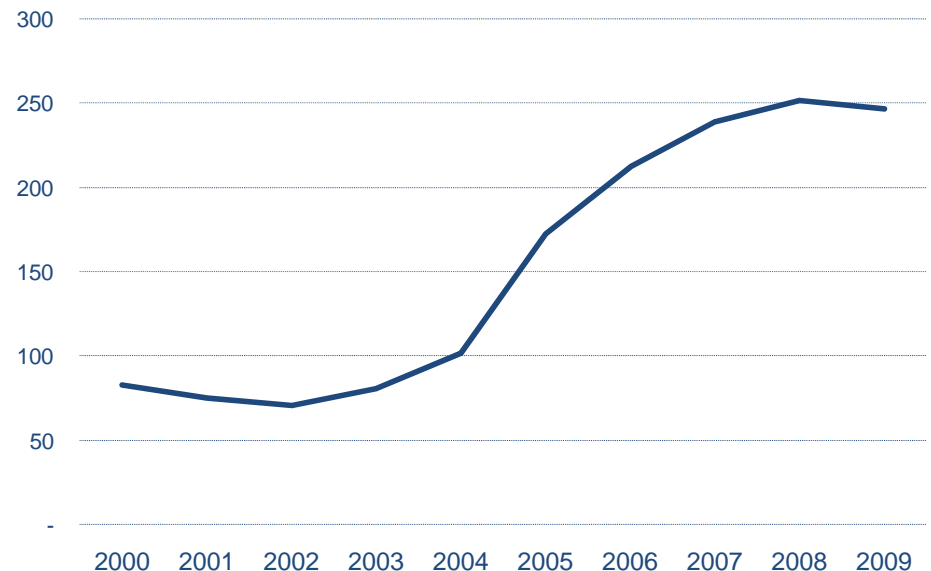


Energy prices will continue to increase



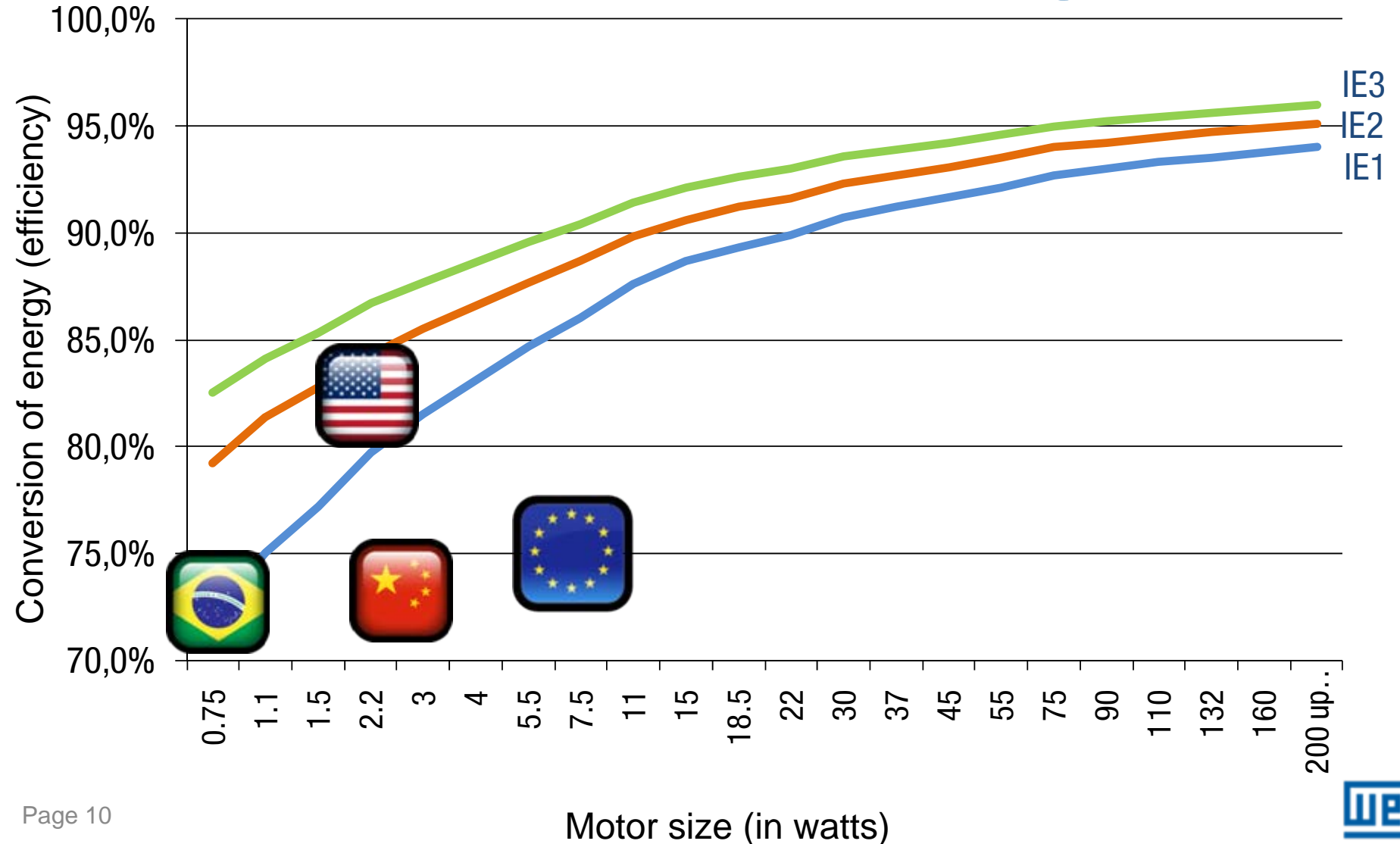
- Traditional energies sources are becoming ever more scarce and difficult to obtain
- Concerns about the impact of energy generation on climate change
- Improving living standards in emerging economies increase energy intensity (consumption per capita)

Brazilian industrial electricity tariff
(in US\$ / MWh)

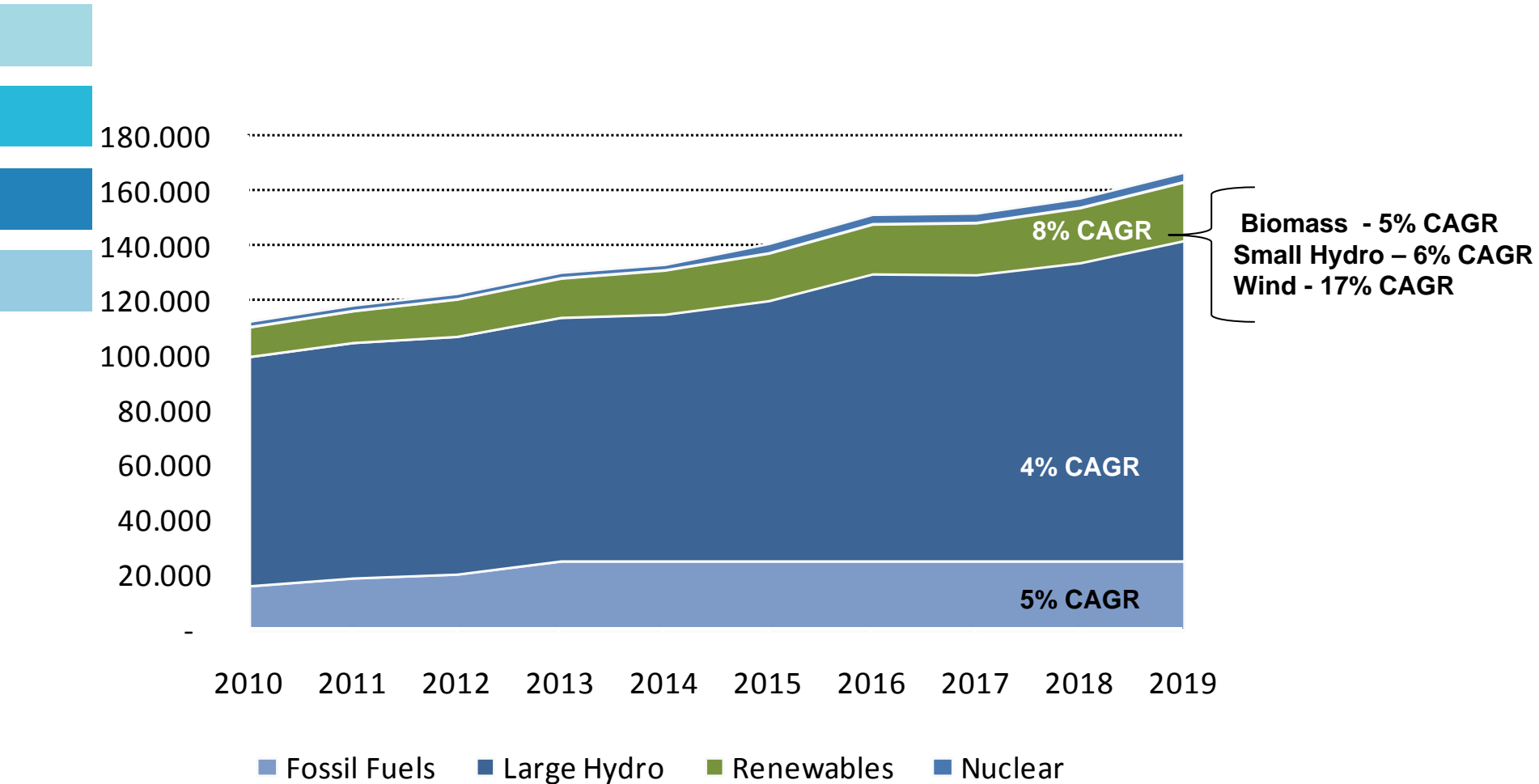


Source: EPE BEN 2010

Harmonization of energy efficiency regulations



Brazil electricity is already clean, but it can get cleaner



Source: EPE - PDE 2019

Power grid must evolve

SMART GRID: Applying sensing, measurement and control devices with two-way communications to dynamically respond to changes in grid conditions

Smart appliances

Can shut off in response to frequency fluctuations

Demand management

Use can be shifted to off peak times to save money

Sensors

Detected fluctuations and disturbances, and can signal for areas to be isolated

Storages

Energy generated at off peak times could be stored in batteries for later

Offices

Solar panels

Houses

Storage

Disturbance In the grid

Isolated microgrid

Central power plant

Generators

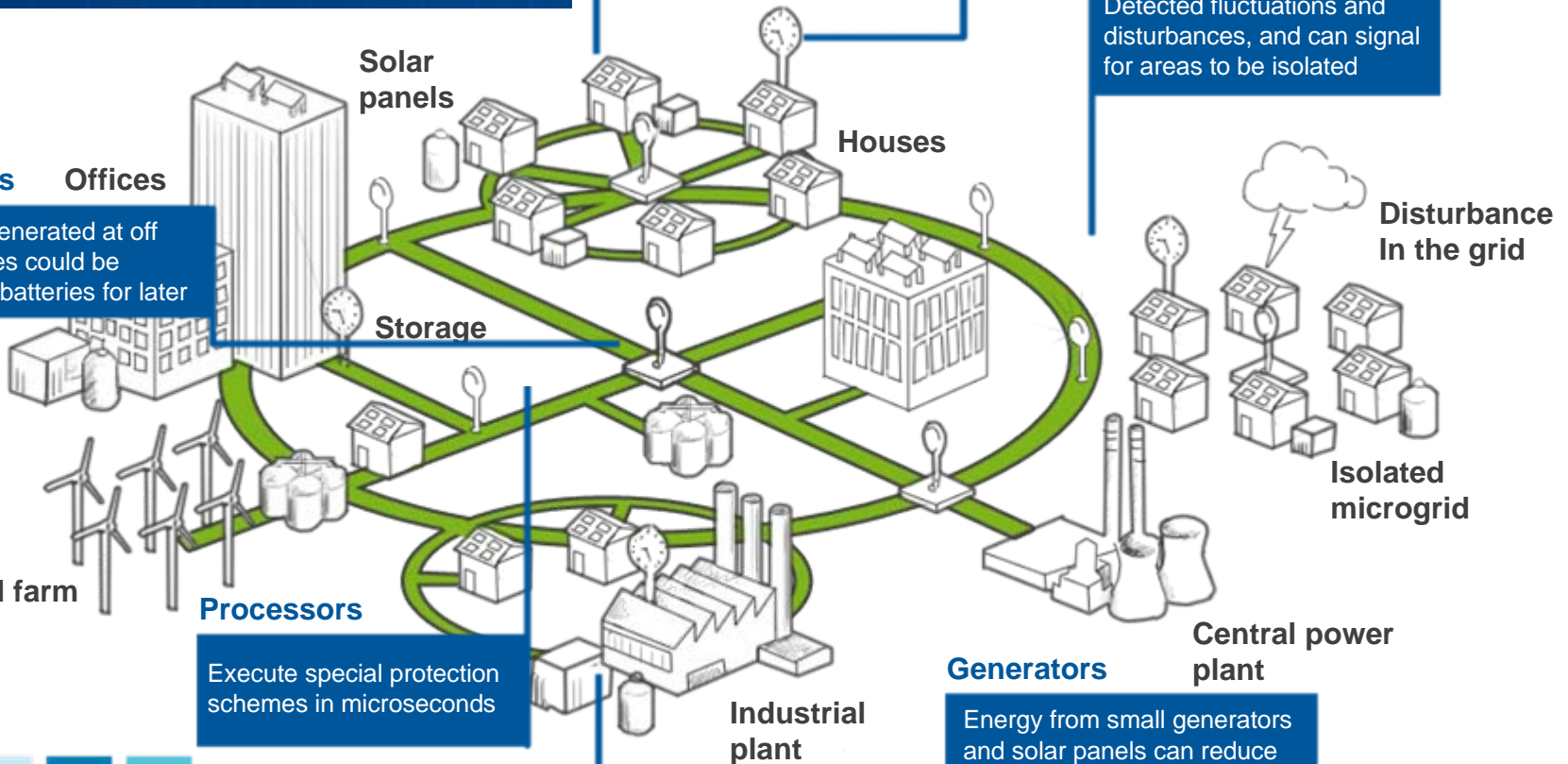
Energy from small generators and solar panels can reduce overall demand on the grid

Processors

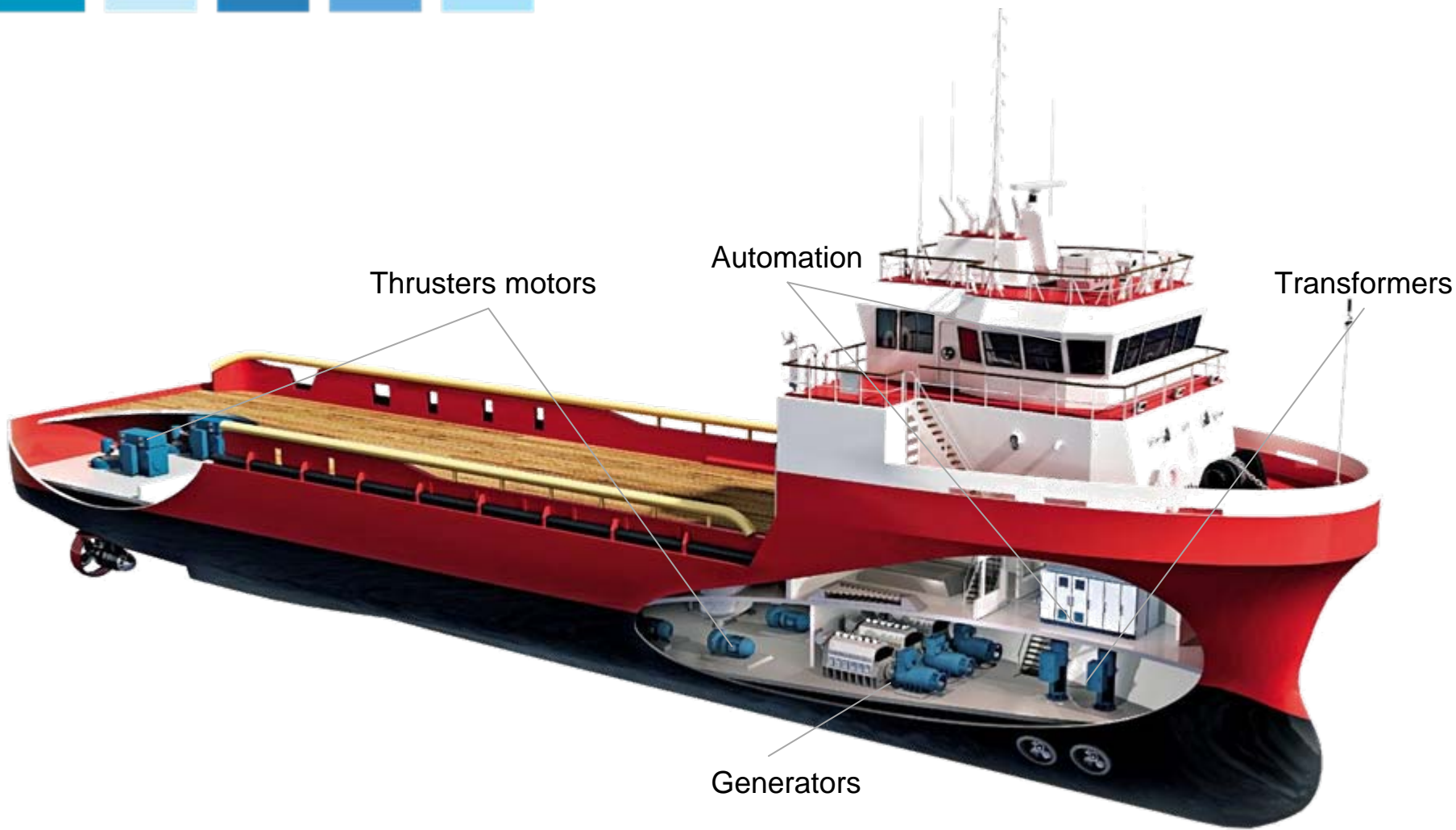
Execute special protection schemes in microseconds

Industrial plant

Wind farm



WEG solutions for marine automation



Strategic Positioning



SIEMENS



BALDOR



TECO



		ABB	SIEMENS	Schneider Electric	EMERSON	BALDOR	REGAL MOTOR	TECO	WEG
Motors	Appliance	●	●		○	○	●	●	●
	Industrial	●	●		○	○	●	●	●
Energia	High Voltage	●	●		○	○	●	●	●
	Generators	●	●				●	●	●
	Biomass Systems	●	●						●
	Small Hydro	●	●						●
	Wind	●	●					●	○
T&D	Power	●	●	●					●
	Dry	●	●	●					●
	Distribution	●	●	●					●
	Substations	●	●						●
Automação	Drives	●	●	●	●	○	●	●	●
	Controls	●	●	●	●				●
	Panels	●	●	●	●				●
Novos Negócios	Gearbox		●			○	●		
	Gensets					○	●		○
	Turbines		●						○

Acquisitions and Portfolio Strategy



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.

Key takeaways

- Global growth driven by emerging economies, with massive infrastructure spending
- Energy management will become more important, with minimum performance standards (MEPS) regulations and standardization
- Growing importance of renewable sources of energy
- Smart infrastructure systems will demand smarter equipment
- Brazilian pre-salt oil development will demand significant investment



Contacts



Laurence Beltrão Gomes

IRO

+55 (47) 3276-7917

laurence@weg.net

Luís Fernando M. Oliveira

Investor Relations Manager

+55 (47) 3276-6973

luisfernando@weg.net

1Q11 Highlights



	Q1 2011	Q1 2010	Growth %	Q4 2010	Growth %
Gross Operating Revenue	1,343,137	1,131,546	18.7%	1,504,610	-10.7%
Domestic Market	862,863	801,299	7.7%	964,471	-10.5%
External Markets	480,274	330,247	45.4%	540,200	-11.1%
<i>External Markets in US\$</i>	<i>288,211</i>	<i>181,170</i>	<i>59.1%</i>	<i>315,278</i>	<i>-8.6%</i>
Net Operating Revenue	1,126,117	931,907	20.8%	1,258,429	-10.5%
Gross Operating Profit	310,662	308,613	0.7%	391,300	-20.6%
<i>Gross Margin</i>	<i>27.6%</i>	<i>33.1%</i>		<i>31.1%</i>	
Quarterly Net Income	121,564	119,645	1.6%	141,508	-14.1%
<i>Net Margin</i>	<i>10.8%</i>	<i>12.8%</i>		<i>11.2%</i>	
EBITDA	164,808	181,750	-9.3%	224,149	-26.5%
<i>EBITDA Margin</i>	<i>14.6%</i>	<i>19.5%</i>		<i>17.8%</i>	

Figures in R\$ Thousands