

EARNINGS RELEASE

2Q 2020

Positive Results in a Challenging Scenario

Highlights



Net Operating Revenue (NOR) were **R\$ 4,063.9 million** in 2Q20, 23.7% higher than 2Q19 and 9.4% higher than 1Q20.



EBITDA⁽¹⁾ reached **R\$ 732.2 million**, 36.3% higher than 2Q19 and 18.3% higher than 1Q20, while **EBITDA margin** was **18.0%**, 1.7 p.p. higher than 2Q19 and 1.3 p.p. higher than the previous quarter.



Return on Invested Capital (ROIC) reached **21.6%** in 2Q20, up 3.2 p.p. from 2Q19 and up 0.9 from 1Q20.

Message from the Management

The company reported another quarter of positive results, with expansion of revenue, EBITDA and ROIC. Our portfolio of long-cycle equipment, together with the agility in operational adjustments and the positive impact of exchange rate variation, more than offset the difficulties imposed by the COVID-19 pandemic so far, which caused important negative impacts in areas of our business.

The effects of the pandemic were felt mainly in the demand for short-cycle equipment, in areas such as the Commercial and Appliance Motors, Paints and Varnishes and also Industrial Motors, whose retraction in volumes were similar in the Brazilian market and in the external market. The halt in the operations of some customers and the uncertainty in the demand for these products were determining factors for the decline in order entry at the end of the last quarter and the beginning of 2Q20, resulting in lower reported revenue in part of these business areas. It is worth noting the gradual improvement over the quarter in the dynamics of order entry for short cycle businesses, indicating, apparently, that the worst months of order entry for these businesses were April and May.

On the other hand, the endurance of long-cycle businesses, where we have built an important order backlog in Brazil and abroad, proved to be relevant at this time. These equipment, linked to long-cycle projects, is not usually affected by short-term volatilities, given the extensive planning and decision making involved in projects that demand these types of products.

Despite the gradual improvement in the business dynamics seen over the quarter, we cannot yet say that the crisis has been overcome. Uncertainties regarding the economic recovery of the countries where we operate and a possible second wave of global contagion may impact our business in the coming months. Nevertheless, we will continue to take all necessary measures for protection, prevention and mitigation, aiming to preserve the integrity of our employees and minimize, as much as possible, impacts on our operations, as we have done since the beginning of the pandemic.

Table 1 – Main Highlights

	2020	1Q20	%	2Q19	%	06M20	06M19	%
Return on Invested Capital	21.6%	20.7%	0.9 pp	18.4%	3.2 pp	21.6%	18.4%	3.2 pp
Net Operating Revenue	4,063,943	3,714,436	9.4%	3,286,605	23.7%	7,778,379	6,218,984	25.1%
Domestic Market	1,604,279	1,692,400	-5.2%	1,289,665	24.4%	3,296,679	2,541,824	29.7%
External Markets	2,459,664	2,022,036	21.6%	1,996,940	23.2%	4,481,700	3,677,160	21.9%
External Markets in US\$	457,014	451,759	1.2%	509,026	-10.2%	908,773	954,470	-4.8%
Net Income	514,375	440,023	16.9%	389,002	32.2%	954,398	695,851	37.2%
Net Margin	12.7%	11.8%	0.9 pp	11.8%	0.9 pp	12.3%	11.2%	1.1 pp
EBITDA	732,222	619,114	18.3%	537,205	36.3%	1,351,336	999,003	35.3%
EBITDA Margin	18.0%	16.7%	1.3 pp	16.3%	1.7 pp	17.4%	16.1%	1.3 pp
Earnings per Share (EPS)	0.24521	0.20977	16.9%	0.18546	32.2%	0.45498	0.33177	37.1%

(1) Earnings before Interest, Taxes, Depreciation and Amortization

The following financial and operating data are presented on a consolidated basis, except when otherwise indicated, in thousands of Brazilian Reals (R\$) according to accounting practices adopted in Brazil, including Brazilian Corporate Law and in convergence with IFRS international norms. Except when otherwise indicated, growth rates and other comparisons are made to the same period of the previous year.



Net Operating Revenue

Net operating revenue increased by 23.7% over 2Q19, up 24.4% in the domestic market and up 23.2% in the external market as shown in the table 1 above. The evolution of the revenue proportion between markets is shown in figure 1 below.

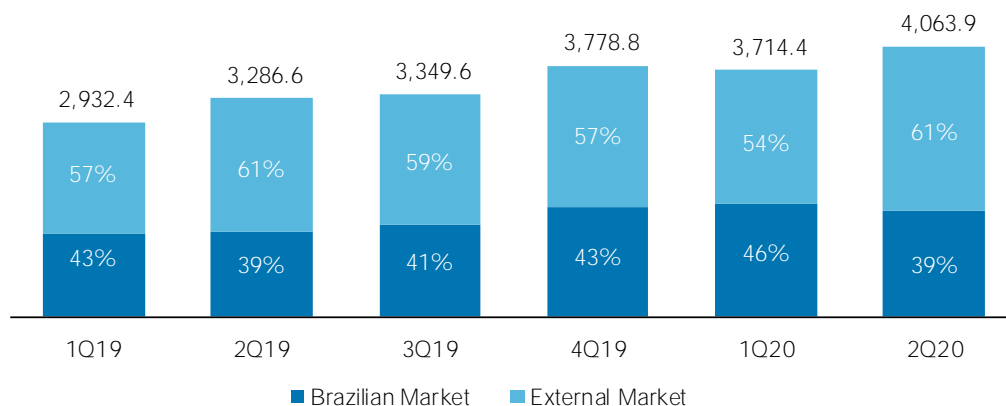


Figure 1 – Net Operating Revenue by Market (figures in R\$ million)

Net operating revenue from the external market, measured in the quarterly averaged US dollars, declined by 10.2% in relation to 2Q19 and grew 1.2% in relation to 1Q20. The distribution of net revenue by geographic market is shown in table 2 below.

Table 2 – Net operating revenue from external market by geographic region, in US dollars

	2Q20		1Q20		2Q19		HA% (A)/(B)	HA% (A)/(C)
	(A)	VA%	(B)	VA%	(C)	VA%		
<i>External Markets in US\$</i>	457,014	100.0%	451,759	100.0%	509,026	100.0%	1.2%	-10.2%
<i>North America</i>	214,340	46.9%	215,037	47.6%	233,134	45.8%	-0.3%	-8.1%
<i>South and Central America</i>	44,787	9.8%	38,400	8.5%	57,520	11.3%	16.6%	-22.1%
<i>Europe</i>	133,448	29.2%	131,462	29.1%	125,729	24.7%	1.5%	6.1%
<i>Africa</i>	23,765	5.2%	27,106	6.0%	46,321	9.1%	-12.3%	-48.7%
<i>Asia-Pacific</i>	40,674	8.9%	39,754	8.8%	46,322	9.1%	2.3%	-12.2%

Net operating revenue from the external market, measured in Brazilian Real, was positively impacted by the average Brazilian Real/US dollar Exchange rate that moved from R\$ 3.92 in 2Q19 to R\$ 5.38 in 2Q20, with a 37.2% depreciation of the Brazilian Real.

It is important to consider that we set our sales prices in different markets in local currency amounts, according to local competitive conditions. Measured in local currencies, weighted by revenues in each market, net operating revenue from external market decreased by 4.8% in relation to 2Q19.

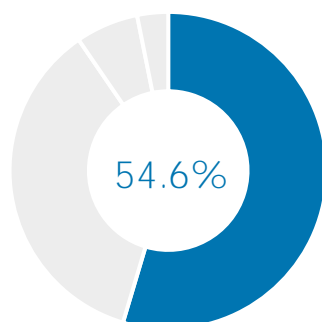
Acquisition Adjustments

Adjusted for the consolidation effects of recent acquisitions of Geremia Redutores, PPI-Multitask and V2COM, revenue would have grown by 22.8% vs. 2Q19. The growth in the domestic market would have been 22.2%, while in the external market it would be in line with the reported values.

Performance by Business Area

Industrial Electro-Electronic Equipment

NOR	Domestic Market	External Market
2Q20	635,641	1,583,637
1Q20	600,641	1,308,235
Δ%	5.8%	21.1%
2Q19	478,295	1,359,423
Δ%	32.9%	16.5%



Domestic Market

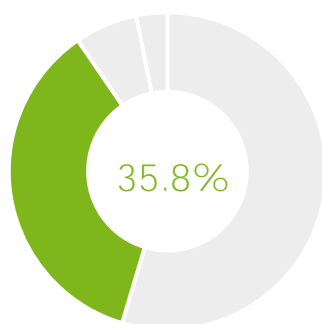
- Significant revenue growth due to various supplies of long-cycle equipment, in particular medium voltage motors and automation panels, mainly for pulp and paper and mining projects.
- We observed a decline in order entry for short-cycle equipment in the first half of 2Q20, such as low voltage electric motors, limiting revenues from these products this quarter. However, a gradual return in demand was observed at the end of the quarter.

External Market

- Similar to the performance in the Brazilian market, there was a decline in demand for short-cycle equipment. This trend was partially offset by the performance of our operations in China, which are operating with pre-pandemic activity levels within the domestic market.
- Continuity of favorable performance in long-cycle equipment, with important deliveries made for projects linked to the oil & gas, mining and water & wastewater segments, contributed positively to this quarter's results.

Energy Generation, Transmission, and Distribution (GTD)

NOR	Domestic Market	External Market
2Q20	755,710	700,600
1Q20	784,278	530,151
Δ%	-3.6%	32.2%
2Q19	528,080	470,815
Δ%	43.1%	48.8%



Domestic Market

- The most prominent segment this quarter, where a significant part of revenues is linked to long-cycle equipment, mainly in transformers and substations, which were delivered for important projects linked to auctions held in recent years.
- The solar distributed generation business, as well as the other short-cycle businesses, suffered a decline in demand compared to 1Q20 due to the restrictions adopted to combat the pandemic, however it performed well when compared to 2Q19, given the growth of this business presented in the last twelve months.

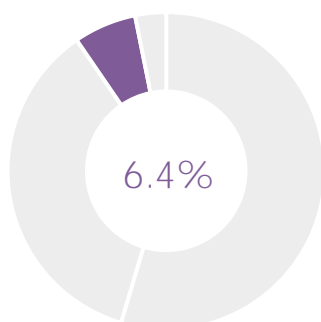
External Market

- Growth in transformer operations in the USA and Mexico, with relevant projects delivered in both countries. Another highlight was the operation of generators in the USA, which continues to have a positive performance, due to the order backlog built in previous quarters.

Performance by Business Area

Commercial and Appliance Motors

NOR	Domestic Market	External Market
2Q20	106,285	153,889
1Q20	170,592	159,515
Δ%	-37.7%	-3.5%
2Q19	156,758	147,801
Δ%	-32.2%	4.1%



Domestic Market

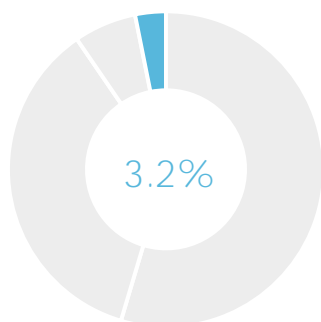
- A decline in demand began in March, as reported in 1Q20, and extended during the beginning of 2Q20, a period in which important customers had their operations affected due to the consequences of the pandemic. It is worth noting that a recovery in demand occurred at the end of the quarter, especially in white goods, a fact partly explained by the economic stimulus actions provided by local authorities.

External Market

- General decline in demand during the first half of 2Q20 was also observed in the external market, showing signs of recovery in the remainder of the quarter. Positive highlight for the operation of commercial motors in Mexico, which despite the low demand in the market, performed well in the period, reflecting gains in market share in the USA and Mexico, driven by gains of new customers in the local market.

Paints and Varnishes

NOR	Domestic Market	External Market
2Q20	106,643	21,538
1Q20	136,889	24,135
Δ%	-22.1%	-10.8%
2Q19	126,532	18,902
Δ%	-15.7%	14.0%



Domestic Market

- Impact on the entry of new orders was felt in March, as reported in 1Q20, compromising sales during the beginning of 2Q20, a period in which important segments were mostly affected due to the pandemic. At the end of the quarter, there was a gradual return in demand, with emphasis on activities related to agribusiness and road implements.

External Market

- Operations were shut down due to restrictions that were adopted to combat the pandemic, especially in Argentina, which impacted the performance this quarter.

Cost of Goods Sold

Cost of Goods Sold (COGS) and gross margin for the quarter are shown in table 3 below.

Table 3 – Costs

	2Q20	1Q20	HA%	2Q19	HA%
Net Operating Revenues	4,063,943	3,714,436	9.4%	3,286,605	23.7%
Cost of Goods Sold	(2,831,840)	(2,616,903)	8.2%	(2,341,339)	20.9%
Gross Margin	30.3%	29.5%	0.8 pp	28.8%	1.5 pp

Despite operational restrictions in some countries and a decline in short-cycle equipment revenue caused by the pandemic, gross margin improved compared to that of the previous year. Operational adjustments were implemented quickly, such as reduced labor hours and wages and anticipated vacation days, together with less pressure on the costs of some raw materials, were fundamental to this performance.

In 2Q20 the average price of copper in the spot market on London Metal Exchange (LME) in US dollars decreased 4.7% vs. 1Q20 and decreased 12.2% vs. 2Q19, while the average price of steel in Brazilian Reais decreased 9.2% vs. 1Q20 and decreased 16.7% vs. 2Q19.

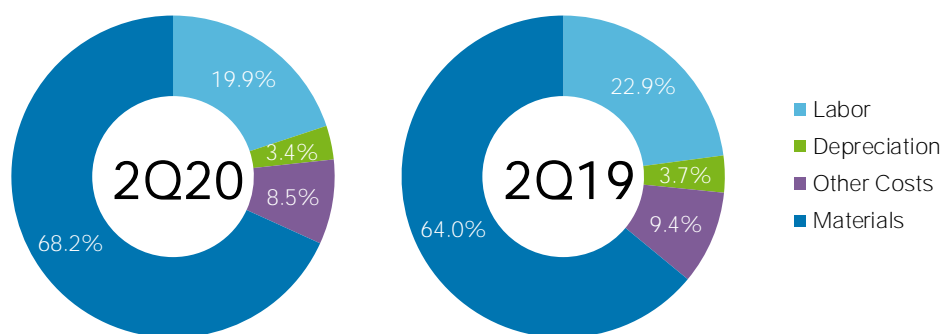


Figure 2 – COGS Composition

Sales, General, and Administrative Expenses

Consolidated Sales, General, and Administrative (SG&A) expenses totaled R\$ 502.2 million in 2Q20, an increase of 16.0% vs. 2Q19 and a reduction of 0.5% vs. 1Q20. When analyzed in relation to net operating revenue, these expenses accounted for 12.4%, down 0.8 p.p. vs. 2Q19 and down 1.2 p.p. vs. 1Q20.

It is worth mentioning the non-recurring adjustments made in this quarter, mainly in relation to the reduction in selling expenses, such as business trips, vacation anticipation, reduced labor hours and wages in a large part in our operations, especially those related to short-cycle equipment, both in Brazil and abroad.

EBITDA and EBITDA Margin

The composition of the EBITDA calculation, according to Instruction CVM 527/2012, and the EBITDA margin are shown in table 4 below. The EBITDA margin showed another quarter of growth, reflecting the rationalization of expense and costs, described above, together with the improvement in the margin in long-cycle operations and the impact of the strong exchange devaluation in this quarter.

Table 4 – Calculation of EBITDA and EBITDA Margin

	2Q20	1Q20	HA%	2Q19	HA%
Net Operating Revenues	4,063,943	3,714,436	9.4%	3,286,605	23.7%
Net Income	514,375	440,023	16.9%	389,002	32.2%
Net Income Before Minorities	526,517	453,975	16.0%	395,260	33.2%
(+) Income Taxes & Contributions	46,784	64,210	-27.1%	38,452	21.7%
(+/-) Financial Income (Expenses)	46,164	752	n.m	4,525	n.m
(+) Depreciation & Amortization	112,757	100,177	12.6%	98,968	13.9%
EBITDA	732,222	619,114	18.3%	537,205	36.3%
EBITDA Margin	18.0%	16.7%	1.3 pp	16.3%	1.7 pp

Net Income

Net Income in 2Q20 was R\$ 514.4 million, an increase of 32.2% vs. 2Q19 and increase of 16.9% vs. 1Q20. Net margin reached 12.7%, 0.9 p.p. higher than 2Q19 and 0.9 p.p. higher than 1Q20. In addition to the EBITDA transactions explained above, the lower return on financial investments and the higher exchange rate variation, were mainly attributable to the performance of net income for this quarter.

Cash Flow

Cash generation in operating activities was R\$ 979.1 million in the first half of 2020, an increase of 140.6% compared to the same period of the previous year. This growth is driven by the growth in operating income, despite an increase in the need for working capital in the period.

The level of investment (CAPEX⁽²⁾) in modernization and expansion of production capacity increased compared to 2019, primarily due to investments in our factories in China, Mexico and Brazil. In addition, movements in long-term financial investments, included in this group in the accounting cash flow statement, were largely responsible for the generation of R\$ 75.1 million in investment activities.

In financing activities, the company raised R\$ 8.6 million and made amortizations of R\$ 986.3 million, resulting in a net amortization of R\$ 977.7 million. Interest on loans consumed R\$ 5.9 million while payments to equity holders (dividends and interest on capital) totaled R\$ 491.5 million. The final result was consumption of R\$ 1,480.3 million in financing activities this year so far.

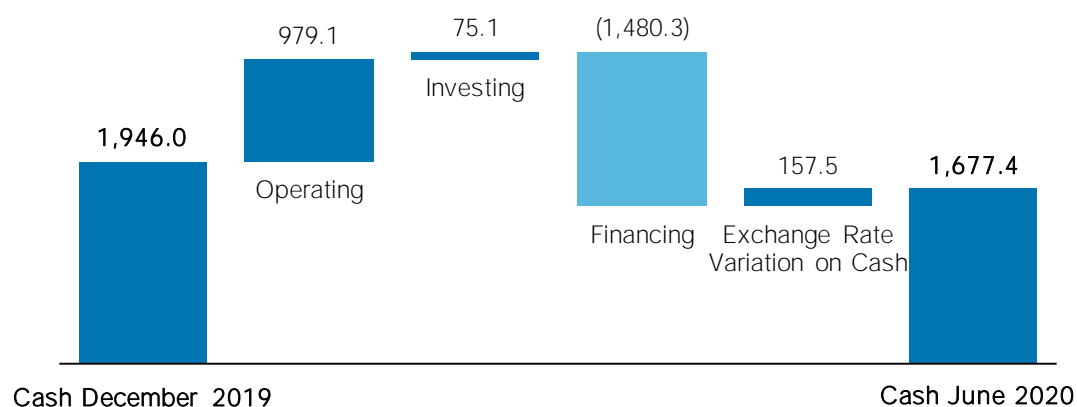


Figure 3 – Cash flow reconciliation (figures in R\$ million)

Chart of figure 3 above shows the cash and cash equivalents positions classified as current assets. Furthermore, the company has R\$ 1,732.7 million in financial investments with no immediate liquidity (R\$ 1,635.4 million in December 2019).

(2) Capital Expenditure.

Return on Invested Capital

The Return on Invested Capital (ROIC) in 2Q20 (accumulated in the last 12 months) increased by 3.2 p.p. over 2Q19, reaching 21.6%. Growth of Net Operating Profit After Taxes (NOPAT), due to revenue growth and lower costs and expenses, 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.

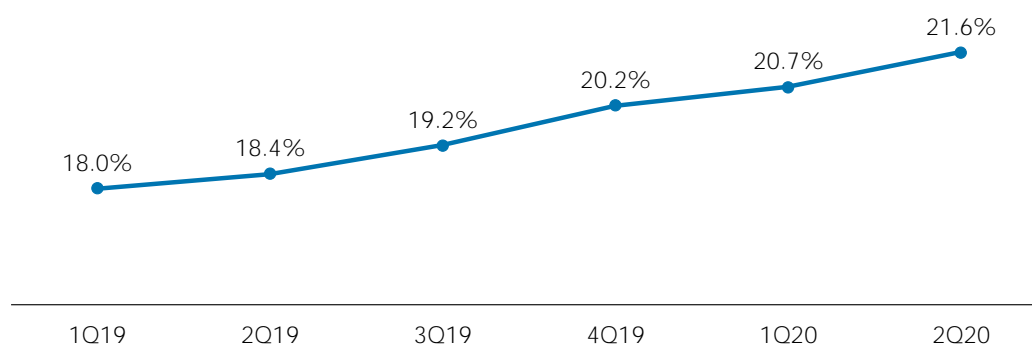


Figure 4 – ROIC Evolution

Investments (CAPEX)

In 2Q20, we invested R\$ 107.4 million in modernization and expansion of production capacity, machinery and equipment, and software licenses, 44% of which are for production units in Brazil and 56% for industrial plants and other facilities abroad.

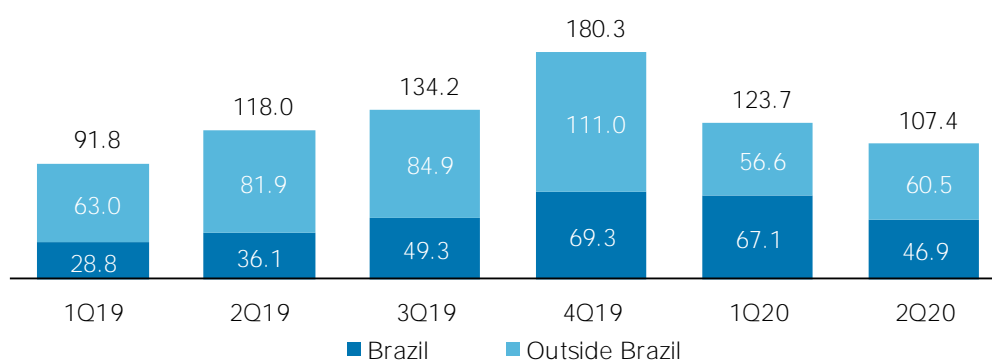


Figure 5 – CAPEX Evolution (figures in R\$ million)

Expenditures on research, development, and innovation activities totaled R\$ 174.2 million, representing 2.2% of net operating revenue in the first half of 2020.

Debt and Cash Position

Cash, cash equivalents, and financial investments and derivatives, invested in first-tier banks and denominated in Brazilian currency, are presented in table 5 below. Likewise, the company presents the total gross financial debt, with details between short and long term, in Brazilian Reais and other currencies, resulting in the company's net cash (debt) at the end of the quarter.

Table 5 – Cash and Debt

	June 2020		December 2019		June 2019	
Cash & Financial Instruments	3,410,128		3,581,442		3,549,159	
- Current	2,873,924		3,414,373		2,847,749	
- Long Term	536,204		167,069		701,410	
Debt	2,149,081	100%	2,305,527	100%	2,920,234	100%
- Current	480,865	22%	950,249	41%	1,488,444	51%
- In Brazilian Reais	89,458		87,566		175,902	
- In other currencies	391,407		862,683		1,312,542	
- Long Term	1,668,216	78%	1,355,278	59%	1,431,790	49%
- In Brazilian Reais	78,333		107,930		260,303	
- In other currencies	1,589,883		1,247,348		1,171,487	
Net Cash (Debt)	1,261,047		1,275,915		628,925	

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

- Total duration of 19.8 months, with duration of 23.9 months in the long term. In December 2019, these figures were 19.5 months and 29.1 months, respectively.
- Weighted average cost of debt denominated in Brazilian Reais is approximately 4.85% p.a. (vs. 5.41% p.a. in December 2019). 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 2020, the Board of Directors approved, ad referendum of a future Annual Shareholders Meeting, the following events regarding dividends:

- On March 17, as interest on stockholders' equity (JCP), to the gross amount of R\$ 63.4 million.
- On June 23, as interest on stockholders' equity (JCP), to the gross amount of R\$ 80.2 million.

The Board of Directors approved intermediate dividends related to the net income for the first half of 2020, to the total amount of R\$ 266.0 million. The proceeds will be paid on August 12, 2020. Amounts declared as remuneration to shareholders in the first half represented 42.9% of net income for the period.

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.

Table 6 – Dividends and Interest on Stockholders' Equity

	1st Half 2020	1st Half 2019	%
Dividends	265,992	186,888	42.3%
Interest on Stockholders' Equity	143,627	187,284	-23.3%
Gross Total	409,619	374,172	9.5%
Net Earnings	954,398	695,851	37.2%
Total Dividends / Net Earnings	42.9%	53.8%	

Other Events

Acquisition of Mvisia

We announced on June 23, 2020 the acquisition of 51% of the share capital of Mvisia, which specializes in artificial intelligence solutions applied to computer vision for the industry.

Founded in 2012 at the Center for Innovation, Entrepreneurship and Technology, of the University of São Paulo (USP), Mvisia is one of the leading national companies of Computer Vision for Industry. The company has its own vision systems and software, with strong expertise in embedded processing applications and machine learning algorithms for videos and images, with integration with MES systems used in the industry, as well as through cloud processing via mobile devices or integration with the open WEGnology platform.

Acquisition of BirminD

We announced on July 2, 2020 the acquisition of 51% of the share capital of BirminD, a technology company active in the Artificial Intelligence market applied to Industrial Analytics.

Founded in 2015 in Sorocaba (São Paulo State, Brazil), BirminD is a company that provides industrial optimization solutions focusing on bringing the most advanced concepts of industrial analytics, one of industry 4.0 pillars. The company serves medium and large customers by offering industrial analysis solutions, optimization of control loops and evaluation of the financial return on services even before executing them and without the need for an automation specialist, using machine learning and artificial intelligence techniques.

With the acquisition of BirminD, the company complements its digital ecosystem and starts offering artificial intelligence technologies applied to both images and industrial analytics.

Results Conference Call

On July 23, 2020 (Thursday), WEG will hold a teleconference in Portuguese, with simultaneous translation into English, also available on the via internet webcast, at the following times:

- 11:00 – Brazilian time
- 10:00 – New York (EDT)
- 15:00 – London (BST)

Connecting phone numbers:

- Dial-in for connections in Brazil: (11) 3181-8565 / (11) 4210-1803
- Dial-in for connections in the United States: +1 412 717-9627
- Toll-free for connections in the United States: +1 844 204-8942
- Code: WEG

Access to HD Web Phone (web phone connection):

- Conference call in Portuguese: [click here](#)
- Conference call in English: [click here](#)

Access to Webcasting:

- Slides and original audio in Portuguese: choruscall.websiteseguro.com/weg/2t20.htm
- Slides and simultaneous translation into English: choruscall.websiteseguro.com/weg/2q20.htm
- The presentation will also be available on our Investor Relations website (ir.weg.net). Please call approximately 10 minutes before the conference call time.

Forward-Looking Statements

The statements contained in this report relating to WEG's business prospects, projections, and results and the Company's growth potential are projected forecasts, based on management's expectations regarding the future of WEG. These expectations are highly dependent on changes in the market, overall national economic performance, sector performance, and international markets, and are subject to change.

FINANCIAL STATEMENTS

2Q 2020

Annex

Annex I – Consolidated Income Statement – Quarterly

	2Q20		1Q20		2Q19		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Net Operating Revenues	4,063,943	100.0%	3,714,436	100.0%	3,286,605	100.0%	9.4%	23.7%
Cost of Goods Sold	(2,831,840)	-69.7%	(2,616,903)	-70.5%	(2,341,339)	-71.2%	8.2%	20.9%
Gross Profit	1,232,103	30.3%	1,097,533	29.5%	945,266	28.8%	12.3%	30.3%
Sales Expenses	(356,198)	-8.8%	(349,093)	-9.4%	(296,313)	-9.0%	2.0%	20.2%
Administrative Expenses	(145,995)	-3.6%	(155,685)	-4.2%	(136,587)	-4.2%	-6.2%	6.9%
Financial Revenues	192,294	4.7%	381,196	10.3%	408,673	12.4%	-49.6%	-52.9%
Financial Expenses	(238,458)	-5.9%	(381,948)	-10.3%	(413,198)	-12.6%	-37.6%	-42.3%
Other Operating Income	3,959	0.1%	7,885	0.2%	6,236	0.2%	-49.8%	-36.5%
Other Operating Expenses	(110,173)	-2.7%	(81,703)	-2.2%	(83,204)	-2.5%	34.8%	32.4%
Equity accounting	(4,231)	-0.1%	-	0.0%	2,839	0.1%	n.m	n.a.
Earnings Before Taxes	573,301	14.1%	518,185	14.0%	433,712	13.2%	10.6%	32.2%
Income Taxes & Contributions	(104,439)	-2.6%	(52,856)	-1.4%	(51,513)	-1.6%	97.6%	102.7%
Deferred Taxes	57,655	1.4%	(11,354)	-0.3%	13,061	0.4%	n.a.	341.4%
Minorities	12,142	0.3%	13,952	0.4%	6,258	0.2%	-13.0%	94.0%
Net Earnings	514,375	12.7%	440,023	11.8%	389,002	11.8%	16.9%	32.2%
EBITDA	732,222	18.0%	619,114	16.7%	537,205	16.3%	18.3%	36.3%
Earnings per Share (EPS)	0.24521		0.20977		0.18546		16.9%	32.2%

Annex II – Consolidated Income Statement – Accumulated

	06M20		06M19		HA%
	(A)	VA%	(B)	VA%	(A)/(B)
Net Operating Revenues	7,778,379	100.0%	6,218,984	100.0%	25.1%
Cost of Goods Sold	(5,448,743)	-70.0%	(4,416,111)	-71.0%	23.4%
Gross Profit	2,329,636	30.0%	1,802,873	29.0%	29.2%
Sales Expenses	(705,291)	-9.1%	(587,074)	-9.4%	20.1%
Administrative Expenses	(301,680)	-3.9%	(275,091)	-4.4%	9.7%
Financial Revenues	573,490	7.4%	538,042	8.7%	6.6%
Financial Expenses	(620,406)	-8.0%	(578,703)	-9.3%	7.2%
Other Operating Income	11,844	0.2%	10,501	0.2%	12.8%
Other Operating Expenses	(191,876)	-2.5%	(148,581)	-2.4%	29.1%
Equity accounting	(4,231)	-0.1%	2,839	0.0%	n.a.
Earnings Before Taxes	1,091,486	14.0%	764,806	12.3%	42.7%
Income Taxes & Contributions	(157,295)	-2.0%	(80,938)	-1.3%	94.3%
Deferred Taxes	46,301	0.6%	19,599	0.3%	136.2%
Minorities	26,094	0.3%	7,616	0.1%	242.6%
Net Earnings	954,398	12.3%	695,851	11.2%	37.2%
EBITDA	1,351,336	17.4%	999,003	16.1%	35.3%
Earnings per Share (EPS)	0.45498		0.33177		37.1%

Annex III – Consolidated Balance Sheet

	June 2020		December 2019		June 2019		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Current Assets	10,827,449	60%	9,760,902	62%	8,803,475	59%	11%	23%
Cash & cash equivalents	2,849,836	16%	3,390,271	22%	2,782,754	19%	-16%	2%
Receivables	3,385,942	19%	2,747,084	18%	2,474,176	17%	23%	37%
Inventories	3,727,943	21%	2,817,129	18%	2,583,387	17%	32%	44%
Other current assets	863,728	5%	806,418	5%	963,158	6%	7%	-10%
Long Term Assets	1,056,425	6%	597,797	4%	1,106,020	7%	77%	-4%
Long term securities	-	0%	-	0%	573,757	4%	n.m	n.a.
Deferred taxes	255,098	1%	182,042	1%	148,729	1%	40%	72%
Other non-current assets	801,327	4%	415,755	3%	383,534	3%	93%	109%
Fixed Assets	6,123,907	34%	5,328,942	34%	4,998,311	34%	15%	23%
Investment in Subs	35,405	0%	28,012	0%	19,974	0%	26%	77%
Property, Plant & Equipment	4,206,492	23%	3,776,561	24%	3,586,364	24%	11%	17%
Intangibles	1,557,791	9%	1,319,746	8%	1,188,174	8%	18%	31%
Right of use	324,219	2%	204,623	1%	203,799	1%	58%	59%
Total Assets	18,007,781	100%	15,687,641	100%	14,907,806	100%	15%	21%
Current Liabilities	4,687,927	26%	4,491,021	29%	4,400,792	30%	4%	7%
Social and Labor Liabilities	508,955	3%	287,187	2%	374,793	3%	77%	36%
Suppliers	928,897	5%	839,879	5%	809,232	5%	11%	15%
Fiscal and Tax Liabilities	194,686	1%	134,510	1%	144,544	1%	45%	35%
Short Term Debt	466,585	3%	936,370	6%	1,486,659	10%	-50%	-69%
Dividends Payable	213,812	1%	145,376	1%	162,448	1%	47%	32%
Advances from Clients	1,098,189	6%	814,964	5%	511,514	3%	35%	115%
Profit Sharring	179,722	1%	212,608	1%	117,287	1%	-15%	53%
Derivatives	14,280	0%	13,879	0%	1,785	0%	3%	n.m
Leasing	65,184	0%	49,168	0%	48,220	0%	33%	35%
Other Short Term Liabilities	1,017,617	6%	1,057,080	7%	744,310	5%	-4%	37%
Long Term Liabilities	2,691,175	15%	2,266,630	14%	2,338,568	16%	19%	15%
Long Term Debt	1,657,748	9%	1,348,599	9%	1,424,176	10%	23%	16%
Other Long Term Liabilities	143,568	1%	137,643	1%	141,828	1%	4%	1%
Leasing	258,316	1%	153,667	1%	153,613	1%	68%	68%
Deferred Taxes	82,661	0%	75,143	0%	76,751	1%	10%	8%
Contingencies Provisions	548,882	3%	551,578	4%	542,200	4%	0%	1%
Minorities	266,371	1%	212,743	1%	150,546	1%	25%	77%
Stockholders' Equity	10,362,308	58%	8,717,247	56%	8,017,900	54%	19%	29%
Total Liabilities	18,007,781	100%	15,687,641	100%	14,907,806	100%	15%	21%

Annex IV – Consolidated Cash Flow Statement

	6 Months 2020	6 Months 2019
Operating Activities		
Net Earnings before Taxes	1,091,486	764,806
Depreciation and Amortization	212,934	193,536
Equity accounting	4,231	(2,839)
Provisions	279,514	85,692
Changes in Assets & Liabilities	(609,028)	(634,231)
(Increase) / Reduction of Accounts Receivable	248,529	(149,474)
Increase / (Reduction) of Accounts Payable	(74,044)	(115,456)
(Increase) / Reduction of Inventories	(460,817)	(147,203)
Income Tax and Social Contribution on Net Earnings	(125,153)	(57,390)
Profit Sharing Paid	(197,543)	(164,708)
Cash Flow from Operating Activities	979,137	406,964
Investment Activities		
Fixed Assets	(206,845)	(198,840)
Intangible Assets	(24,248)	(10,983)
Results of sales of fixed assets	8,406	12,957
Financial investments held to maturity	(72,357)	(67,617)
Rescue of financial investments	370,170	490,802
Cash Flow From Investment Activities	75,126	226,319
Financing Activities		
Working Capital Financing	8,609	884,150
Long Term Financing	(986,345)	(1,528,236)
Interest paid on loans and financing	(5,951)	(15,528)
Treasury Shares	(5,051)	2,762
Dividends & Interest on Stockholders Equity Paid	(491,536)	(335,862)
Cash Flow From Financing Activities	(1,480,274)	(992,714)
Changes in Cash and Equivalents caused by FX Changes	157,384	(2,401)
Change in Cash Position	(268,627)	(361,832)
Cash & Cash Equivalents		
Beginning of Period	1,946,044	2,205,700
End of Period	1,677,417	1,843,868

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