

# WEG DAY 2021



## Disclaimer

Any forward-looking statements that may be made about future events, at business perspective, at operational and financial projections and goals, and the growth potential of WEG in the future, constitute mere beliefs and expectations of WEG's management, based on information currently available.

These statements involve risks and uncertainties and therefore depend on circumstances that may or may not occur.

Investors should understand that general economic, industrial, and other operating conditions may affect WEG's future performance and lead to results that differ from those expressed in such forward-looking state

# FINANCIAL PERFORMANCE

# WEG DAY 2021



André Luís Rodrigues

# WEG is a Global Company

One of the world's  
largest manufacturers  
of electric electronic  
equipment

WEG DAY<sub>2021</sub>

IBOVESPA

ISEB3

2020 MSCI ESG Leaders  
Indexes Constituent



**+10.8 mi ft<sup>2</sup>**

Largest manufacturing  
site for low voltage  
electric motors in the  
world



**70,000**

Motors produced  
per day



**+36,900**

Employees globally



**+3,600**

Engineers

**R\$  
17.5 Bi**

Net Revenue  
(2020)

**51%**

of the products sold  
were released in the  
last 5 years

**[B]<sup>3</sup>WEGE3**

OTCPink  
**WEGZY**  
Stock Exchange

**R\$  
155 Bi**

Market Cap  
(October 2021)

Sales to

**+135**

countries

**48**

Manufacturing sites  
in 12 countries  
and 4 continents

Distributors/Agents in

**+120**

countries

# WEG BUSINESS REVENUE

# WEG DAY 2021



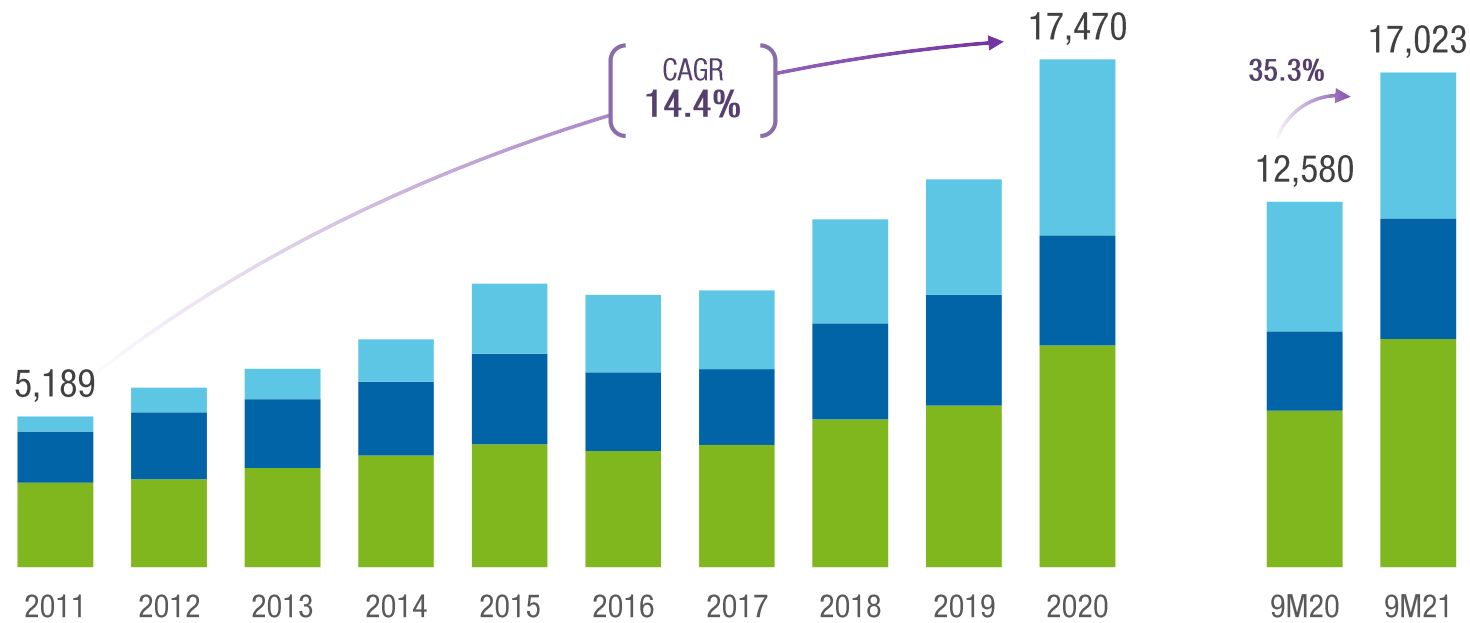
# SOLID GROWTH TRACK RECORD

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



## Net Operating Revenues (R\$ million)

■ Manufactured & sold in Brazil ■ Manufactured in Brazil, sold abroad ■ Manufactured and sold abroad

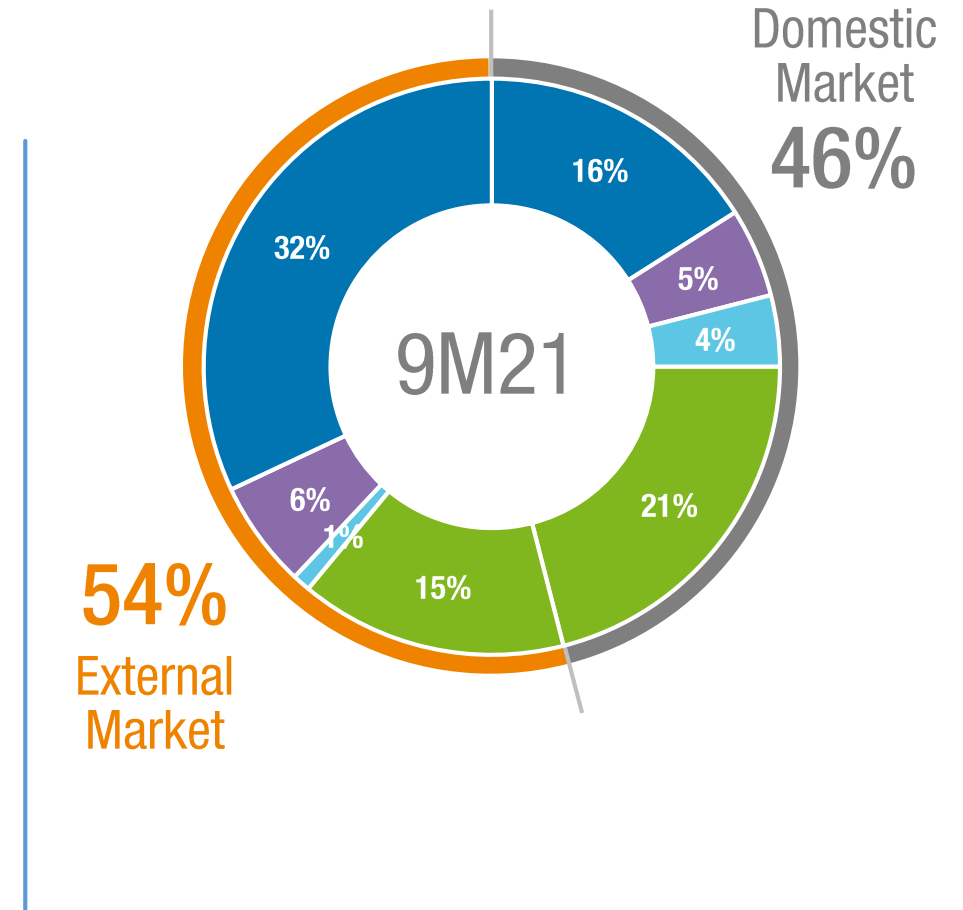


# REVENUE

Diversified product portfolio allows for strong growth across different market cycles



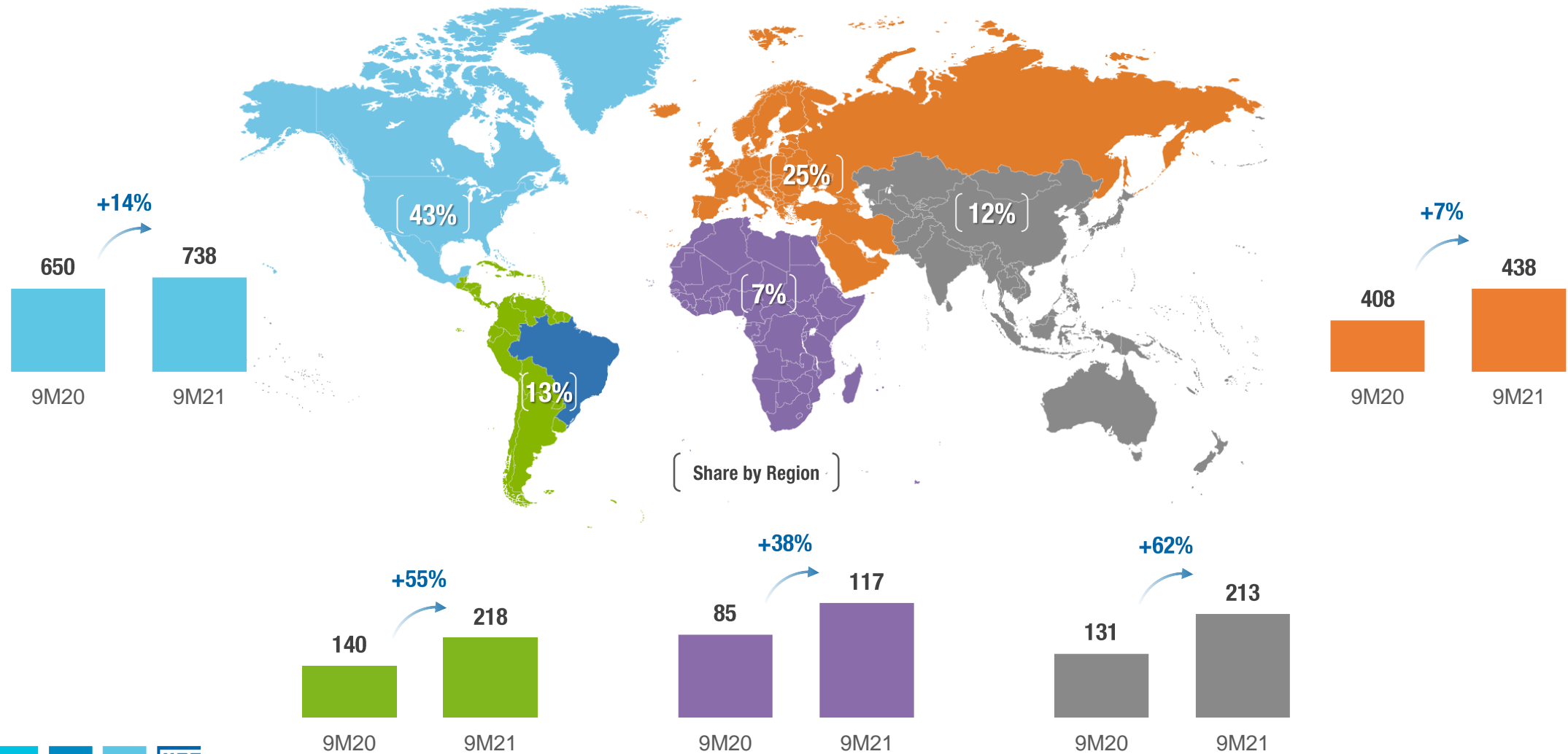
Revenue Performance 9M21 x 9M20	Total Revenue	Domestic Market	External Market
<p>Industrial Electro-Electronic Equipment</p>	<b>24%</b>	<b>35%</b>	<b>19%</b>
<p>Generation, Transmission and Distribution (GTD)</p>	<b>40%</b>	<b>48%</b>	<b>30%</b>
<p>Commercial and Appliance Motors</p>	<b>77%</b>	<b>72%</b>	<b>82%</b>
<p>Paints and Varnishes</p>	<b>57%</b>	<b>56%</b>	<b>66%</b>



# EXTERNAL MARKET NET REVENUE

## By geographic region

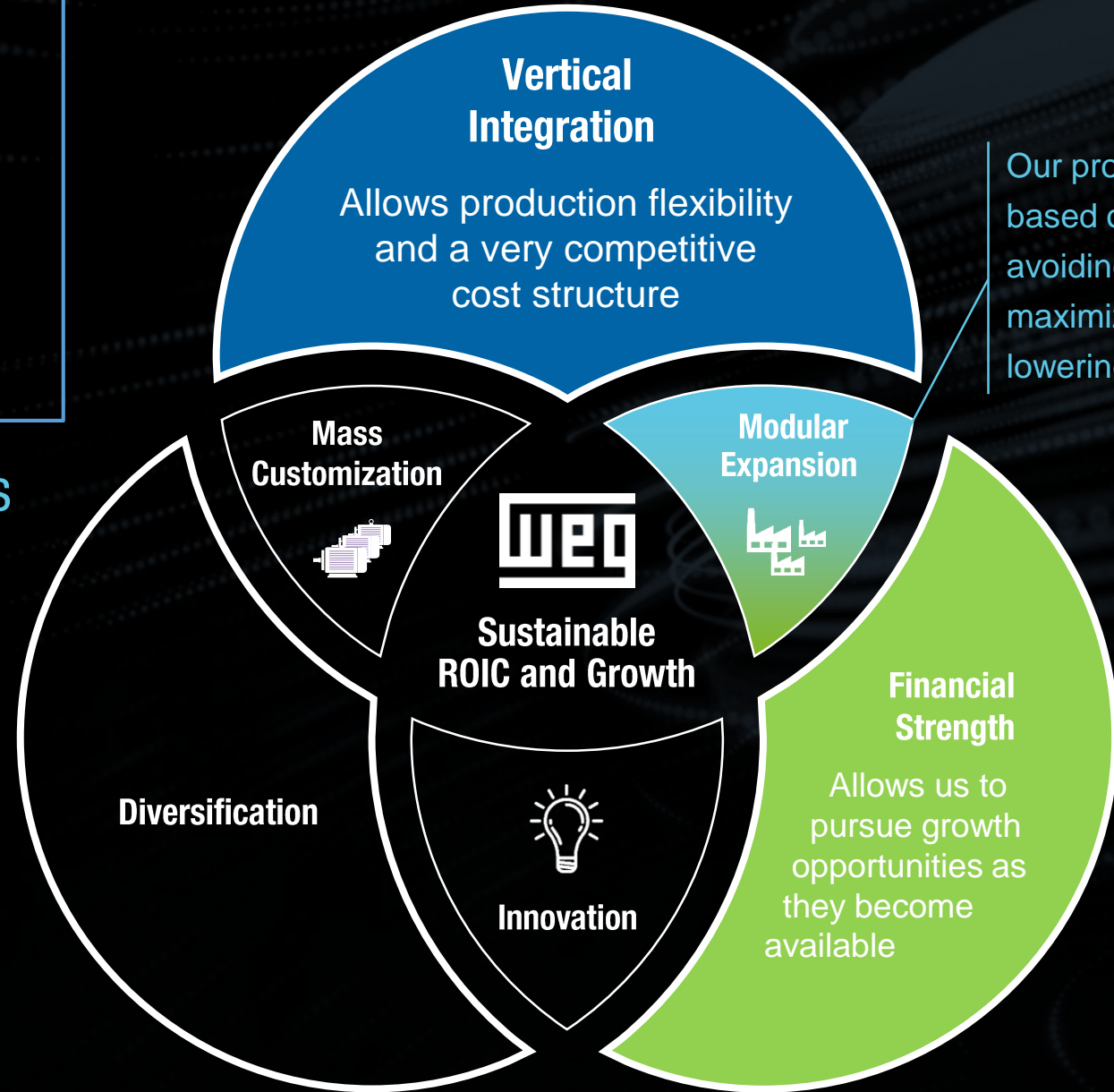
US\$ million





# CLEAR COMPETITIVE ADVANTAGES

Unique business model creates important and defensible competitive advantages



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

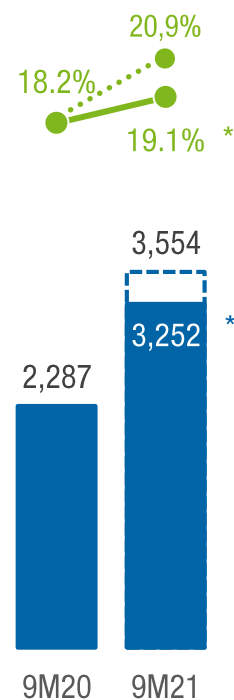
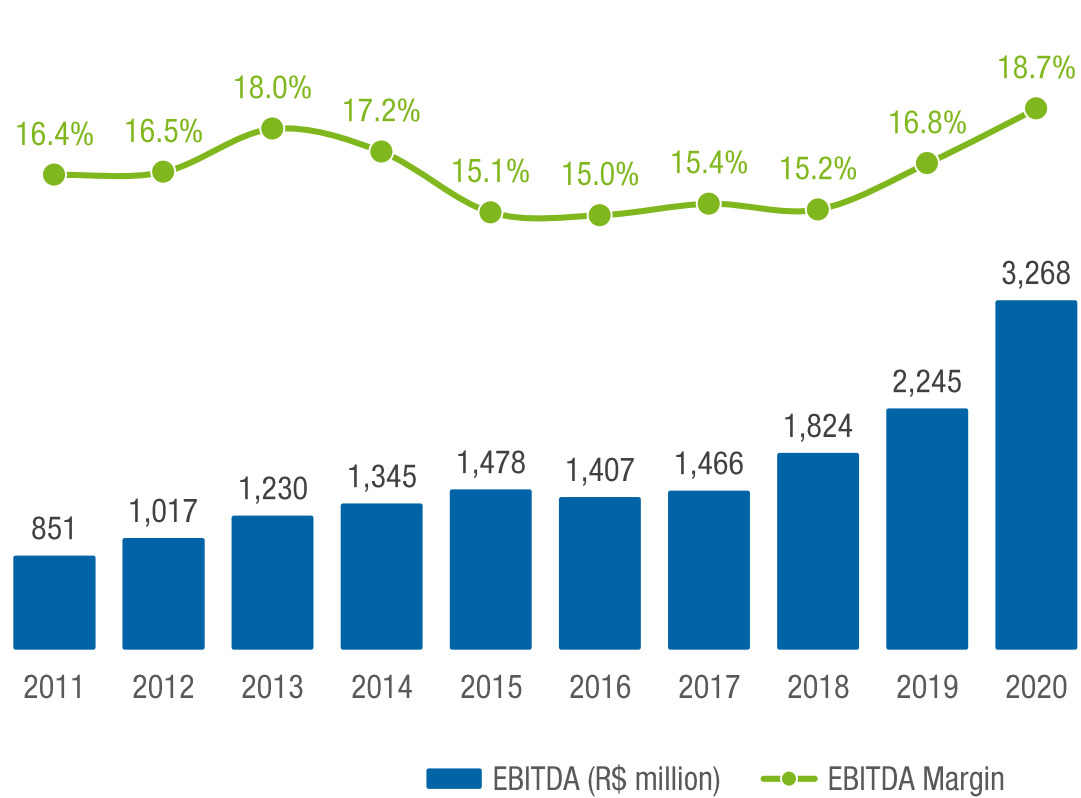
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# PROFITABILITY

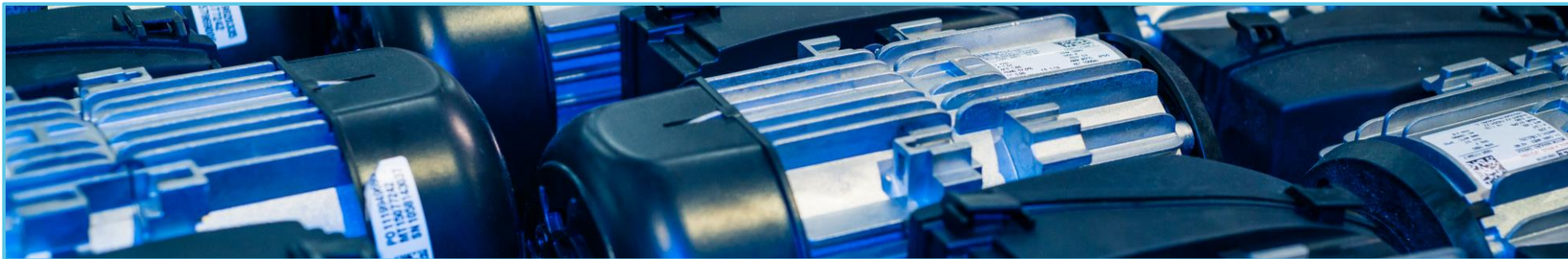
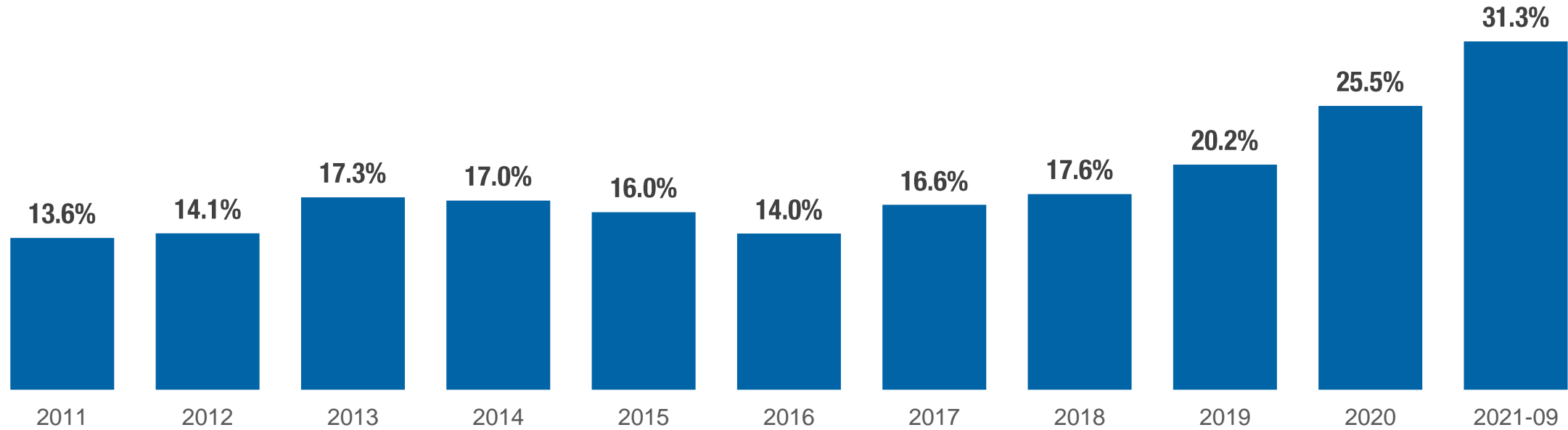
# GROWING OPERATIONAL RESULT

Resulting in above average margins over time



# RETURN ON INVESTED CAPITAL

Disciplined capital allocation



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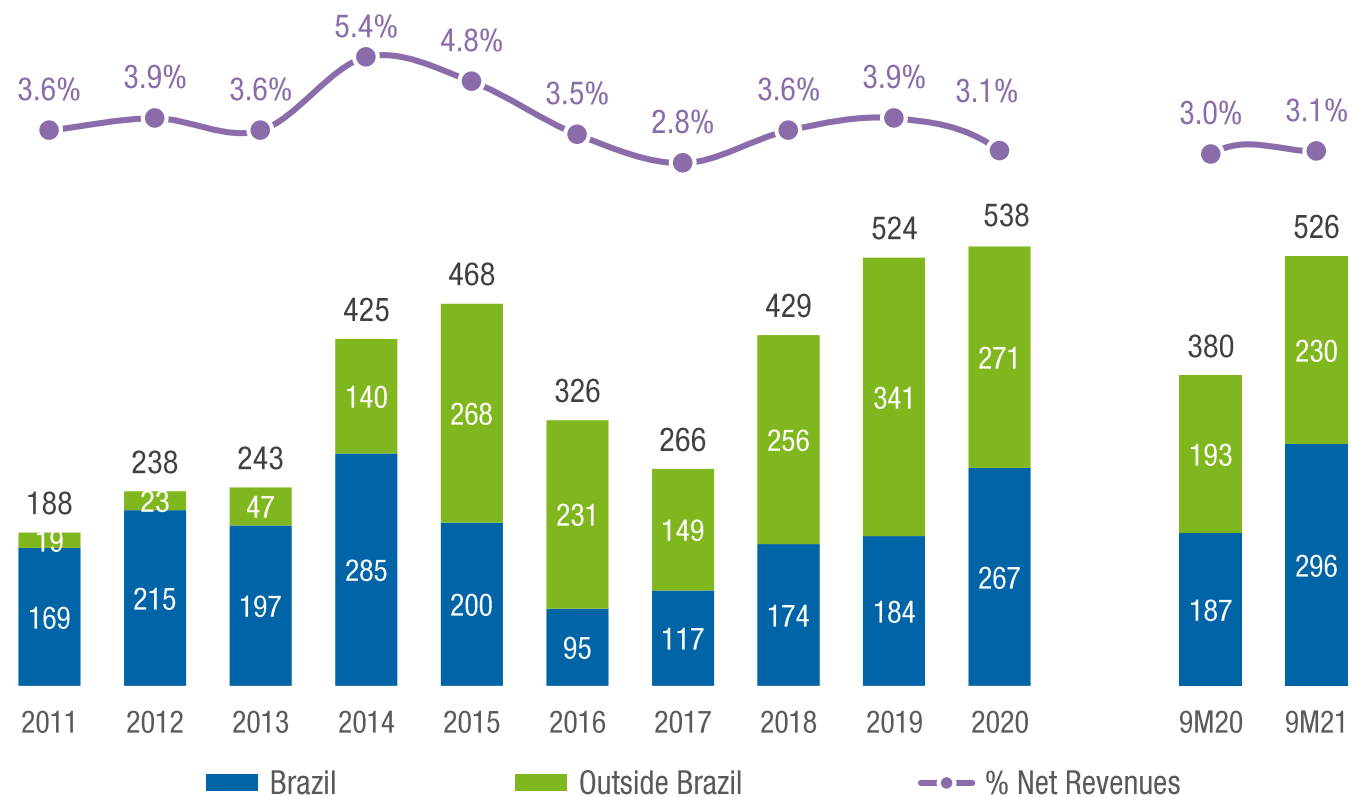
# INVESTMENTS

# INVESTMENTS

Focused on increasing production capacity to support demand



By Region (R\$ million)



# INVESTMENTS TO MAINTAIN GROWTH

WEGDAY<sub>2021</sub>

## Low voltage electric motors in India



**April 2022**

Inauguration



Tamil Nadu  
Hosur



Additional area **157,000 ft<sup>2</sup>**



Employees **+320**



Investment **20.0**  
US\$ million



Motor production capacity

**+250,000 / year**

# INVESTMENTS TO MAINTAIN GROWTH

## Factory expansion in Rugao / China



 Built area **753,000 ft<sup>2</sup>**

 Employees **+1,000**

 Investment 20/21  
US\$ million **15.0**

 Motor production capacity **+650,000 / year**



# INVESTMENTS TO MAINTAIN GROWTH

5<sup>th</sup> transformers factory in North America



 Built area **158,000 ft<sup>2</sup>**

 Employees **+450**

 Investment **17.0**  
US\$ million

 Transformers

**Power up to 10MVA and voltage up to 46kV**

# INVESTMENTS TO MAINTAIN GROWTH

E-house factory – Betim / Brazil



Focused on the production of E-houses for solar and industrial generation



	Built area	<b>54,000 ft<sup>2</sup></b>
	Employees	<b>+100</b>
	Production started in	<b>2021</b>



Responsible for manufacturing e-houses to Sol do Cerrado project

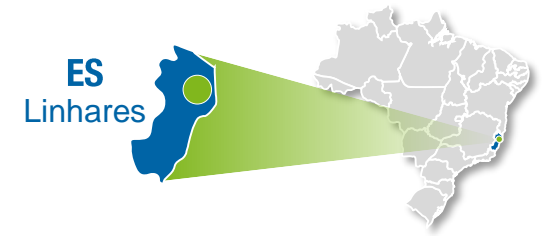
**766 MWp**

# INVESTMENTS TO MAINTAIN GROWTH

## Factory expansion and modernization in Linhares, Brazil



**2<sup>nd</sup> largest**  
company's industrial  
site in Brazil



	Additional area	<b>150,000 ft<sup>2</sup></b>
	Employees	<b>+250</b>
	Investment R\$ million	<b>178.2</b>

Factory capacity increase **10x from 2010 to 2021**

# ACQUISITIONS TO MAINTAIN GROWTH

## Transformers Factory – Betim / Brazil



 Built area **350,000 ft<sup>2</sup>**

 Employees **+250**

 Modern Factory  
Production started in **2013**

 Power Transformers

**Power up to 500MVA and Voltage up to 800kV**

# ACQUISITIONS TO MAINTAIN GROWTH

## Balteau Produtos Elétricos – Itajubá / Brazil




### Manufacturer of instrument transformers and measuring sets



 Built area **127,000 ft<sup>2</sup>**

 Employees **+320**

 Revenue **121.7**  
R\$ million 2020

 Portfolio

**Transformers**

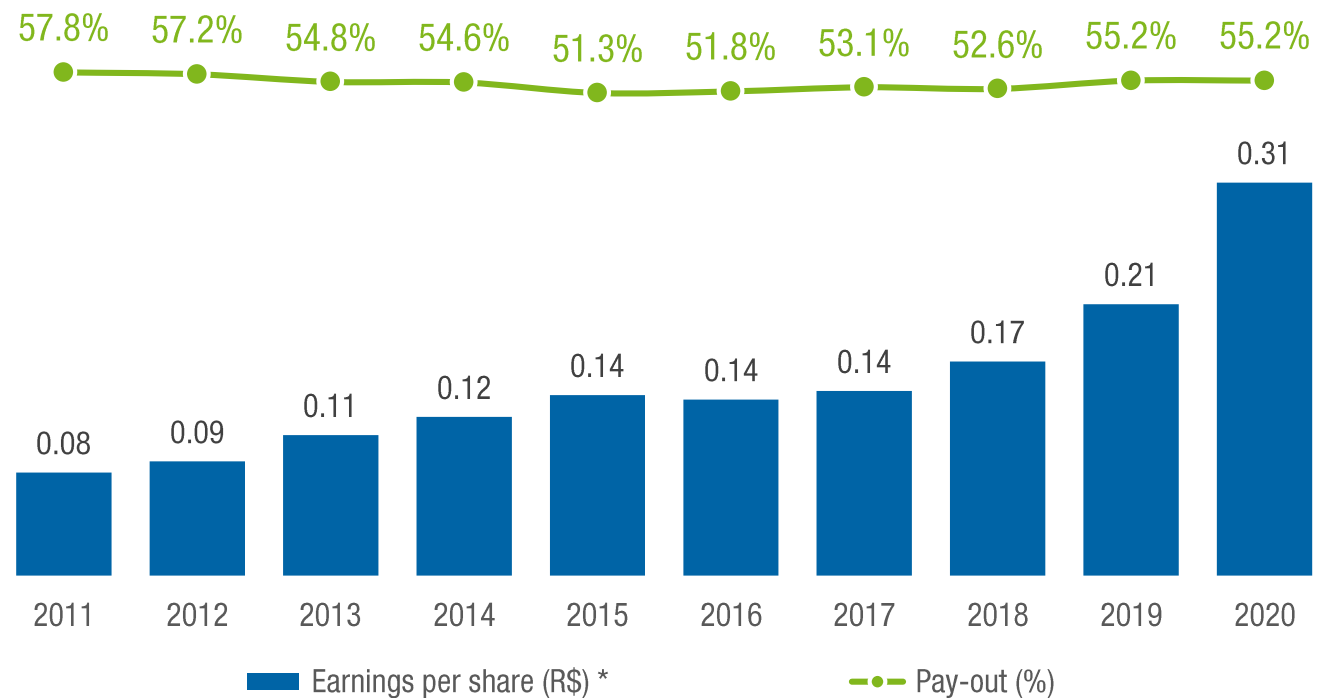
Capacitive up to 550kV | Inductive up to 145kV | Measurement sets up to 36kV

# ROBUST DIVIDEND FLOW

Average Pay-out of 54% in the last 10 years



## Dividends per Share (R\$)



# STOCK'S CONSISTENT PERFORMANCE

Return above industry average



**6th most valued company**  
in Brazilian stock market

IBOVESPA

ISEB3

MSCI ESG Leaders Indexes Constituent **2020**

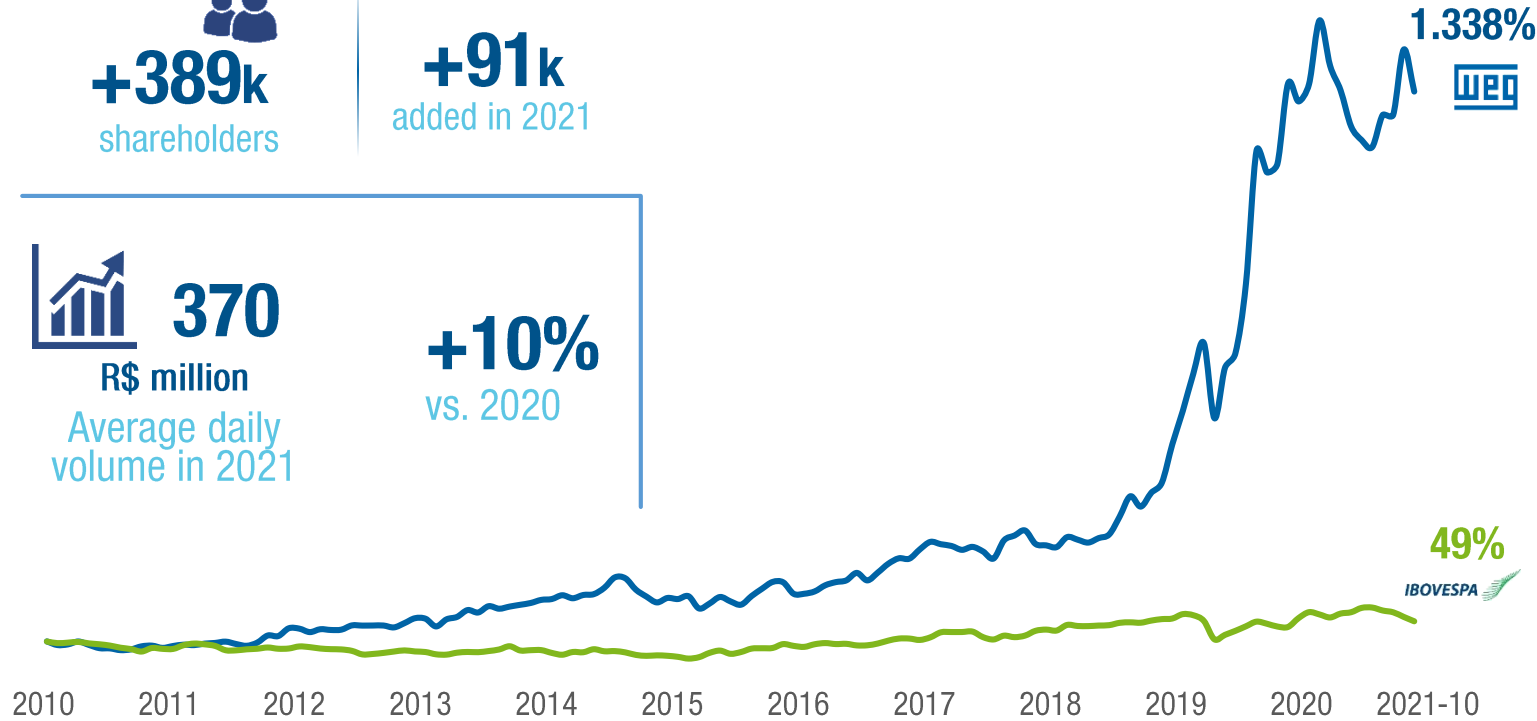
FTSE4Good

**+389k**  
shareholders

**+91k**  
added in 2021

**370**  
R\$ million  
Average daily volume in 2021

**+10%**  
vs. 2020



# KEY MESSAGES



Clear competitive advantages supporting growth



Ongoing investments in increasing production capacity



Return above industry average for our shareholders





# STRATEGY

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Harry Schmelzer Jr.

# 60 years of HISTORY

## Establishment of Eletromotores Jaraguá

16. September. 1961

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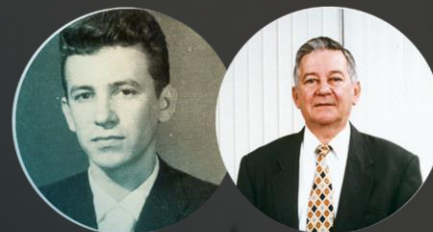
# W

WERNER  
Ricardo Voigt



# E

Eggon  
João da Silva



# G

Geraldo  
Werninghaus

Jaraguá do Sul



# WE WERE BORN IN BRAZIL...

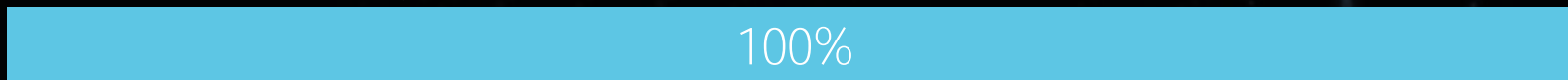


1961



60 years later

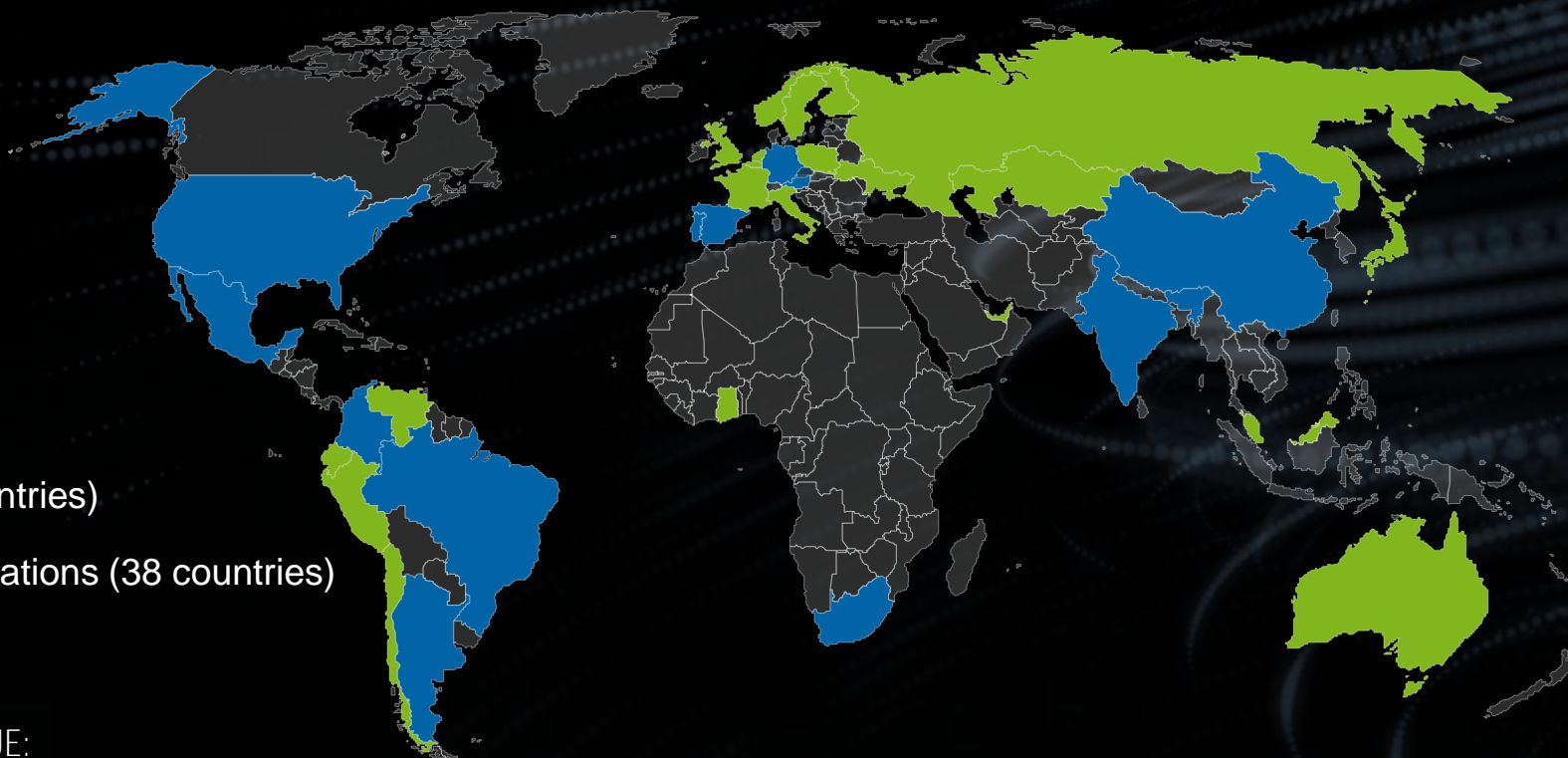
NET REVENUE:  
Brazil  
External Market



# ... AND TODAY WE ARE A GLOBAL COMPANY

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One of the world's largest manufacturers of electric-electronic equipment



2021

■ Factories (12 countries)

■ Commercial Operations (38 countries)

NET REVENUE:

Brazil  
External Market

44%

56%

# PLANNING CYCLES

IN 2020 WE ENDED AN  
IMPORTANT CYCLE IN OUR  
STRATEGIC PLANNING



## CYCLE 2021–2026

During the course of the year,  
we revisited our strategic  
planning and set goals for  
the 2021 to 2026 period

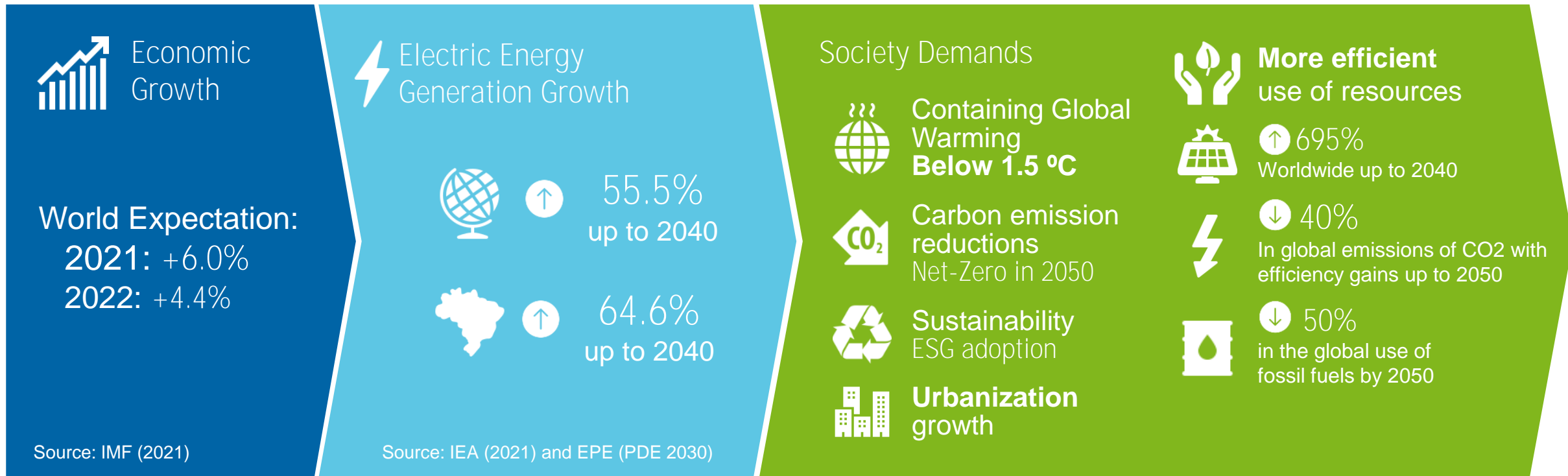
**WEG DAY** 2021



# TO WHICH MEGATRENDS IS WEG EXPOSED TO?



Reconcile economic growth and higher energy consumption with the demands for more efficient use of natural resources and socially and environmentally responsible purpose



# WEG BUSINESS EXPOSURE



Megatrends are shifting demand patterns and creating new business opportunities



- “Motion drives” more and more efficient (electric motors, gearboxes and drives)
- Electrification will still be the most efficient use of energy
- Less fossil fuels and more renewable energy
- Energy management systems for a more efficient use
- Energy storage will be key in the new electrification phase
- Electric mobility growth and recharge infrastructure
- More automatized and digitalized industries and machinery (IoT, Big Data and IA)



# SCENARIO AND GUIDELINES FOR WEG

A more electrified world and more efficient energy consumption should demand greater investments in renewable energy and digitalization



## SCENARIOS



### ECONOMY

Global economy recovery and energy demand growth



### SOCIETY AND SUSTAINABLE DEVELOPMENT

**ESG**  
Environment  
Social  
Governance



### ENERGY WEG playing field

- More efficient use of energy
- Renewable energy growth
- New electrification wave
- Industry Digitization

## WEG'S GUIDELINES

- Keep focusing on the following business:
  - Motion Drive
  - Electrification
  - Automation
  - Energy Generation
  - Electric Grid
- Increase electrification solutions for the new world of mobility
- Create digital solutions as a complementary and integrated offer to all WEG businesses










# WEG BUSINESS OVERVIEW



Complete scope of electric products and systems with integrated one stop shop solution

	 <b>Motion Drive</b>	 <b>Electrification &amp; Automation</b>	 <b>Digitalization</b>	 <b>Energy Generation &amp; Electric Grid</b>	 <b>Paints &amp; Varnishes</b>
Business Area	INDUSTRIAL ELECTRO-ELECTRONIC EQUIPMENT / COMMERCIAL AND APPLIANCE MOTORS			GENERATION, TRANSMISSION, AND DISTRIBUTION (GTD)	PAINTS AND VARNISHES
Segment	<ul style="list-style-type: none"> <li>Industrial</li> <li>OEMs of industrial equipment, durable consumer goods and automobile industry</li> </ul>	<ul style="list-style-type: none"> <li>Industrial</li> <li>Building &amp; Infrastructure</li> <li>OEMs of industrial equipment and electrical installers</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Industrial</li> <li>Building &amp; Infrastructure</li> <li>OEMs</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Energy</li> <li>OEMs and electrical installers</li> </ul>	<ul style="list-style-type: none"> <li>Industrial</li> <li>Automotive painting</li> </ul>
Products and Solutions	<ul style="list-style-type: none"> <li>Industrial Motors</li> <li>Gearboxes</li> <li>Commercial and Appliance Motors</li> <li>Drives and soft-starters</li> <li>Powertrain for electric traction</li> <li>Services</li> </ul>	<ul style="list-style-type: none"> <li>Command, control and protection of electrical circuits</li> <li>Electrification, data acquisition, supervision and control systems</li> <li>Machinery Automation</li> <li>Building electrification</li> <li>Energy Storage</li> <li>Recharge Stations - EV</li> </ul>	<ul style="list-style-type: none"> <li>IoT Platform</li> <li>Connectivity</li> <li>Artificial Intelligence</li> <li>Edge devices</li> <li>Gateways</li> <li>Condition monitoring</li> <li>MES</li> <li>IoT Software</li> </ul>	<ul style="list-style-type: none"> <li>Wind Turbines</li> <li>Steam Turbines</li> <li>Hydraulic Turbines</li> <li>Generators</li> <li>Alternators</li> <li>Services</li> <li>Transformers and Reactors</li> <li>Substations</li> <li>Solar Generation</li> </ul>	<ul style="list-style-type: none"> <li>Liquid Coatings</li> <li>Powder Coatings</li> <li>Impregnation Varnishes</li> </ul>

# STRATEGIC GOALS

WE WILL KEEP DEVELOPING OUR CONTINUOUS AND SUSTAINABLE GROWTH MISSION, FOCUSING ON THE FOLLOWING OBJECTIVES:

- 1 Contribute to building a more efficient and sustainable world, investing in energy efficiency, renewable energies, energy storage and electric mobility
- 2 To be a world reference in motors, gearboxes, generators, transformers and electrical drives
- 3 Strengthen the industrial automation business, including solutions for the industry digitization and energy systems, as well as products for electrification in civil construction and infrastructure
- 4 Develop our business globally through consistent ESG practices

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# OUR ESG HISTORY

Since our foundation, in the 60s, through the vision of our founders  
We created an organizational culture aligned with good ESG practices



Product portfolio aligned with ESG demands



Sustainable Development Goals (SDGs)



Recognition



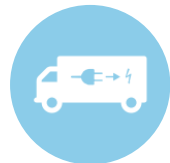
Energy Efficiency



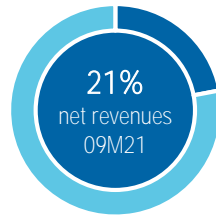
Renewable Energy



Industry 4.0



Electric Mobility



**ISEB3**

**ICO2 B3**



# ESG: DEVELOPMENT COMMITMENT

Considering the importance and complexity of the topic, we work continuously to strengthen our ESG practices



## RECENT ANNOUNCEMENTS



Chief Sustainability Officer  
and  
Sustainability Committee

## WHERE ARE WE WORKING?

- Strengthen the company's principles and values globally and continuously improve ESG practices
- Strengthen the culture of participatory management, intensifying "internationality" in the company's decision-making processes
- Encourage internal teams to adopt an increasingly inclusive culture
- Establish dedicated plans through a Global ESG Program

# STRATEGIC PLAN

CORPORATE ASPIRATION OF CONTINUOUS AND SUSTAINABLE GROWTH, AIMING FOR HISTORICAL GROWTH RATES WITH A DISCIPLINED APPROACH TO ORGANIC AND NON ORGANIC EXPANSION

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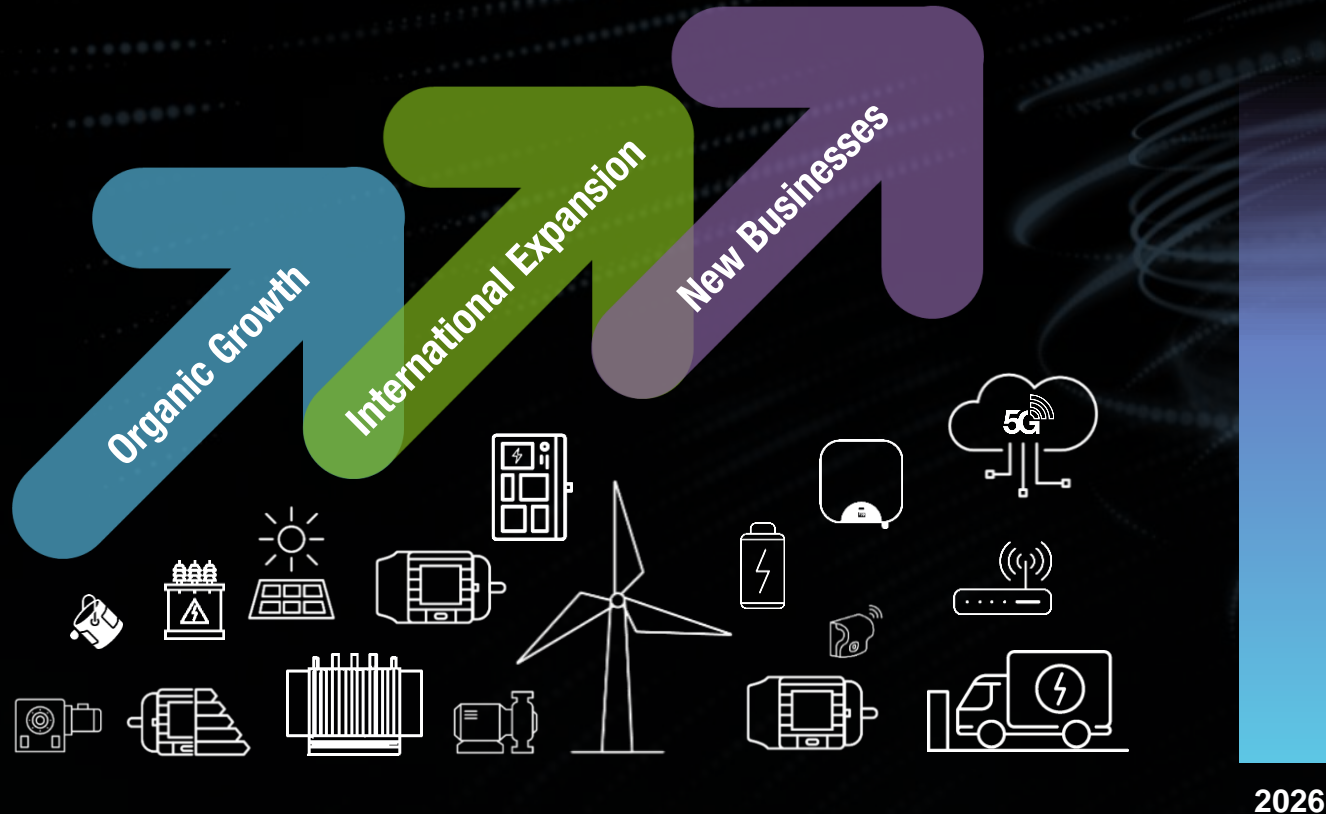


Net Revenue  
(BRL million)

17,470



2020



2026

# STRATEGIC PLANNING

Corporate aspiration for continuous and sustainable growth, targeting historical growth rates with discipline related to capital allocation



## ■ Brazil:

Maintain market positions in mature businesses and grow in new businesses:

- Recharge infrastructure and electric mobility powertrain
- Wind, solar and solid waste power generation
- Digital solutions
- Energy storage



## ■ External Market:

Seek double-digit organic growth in all regions through market share gains and product diversification following the model adopted in Brazil

# STRATEGIC PLANNING



Corporate aspiration for continuous and sustainable growth, targeting historical growth rates with discipline related to capital allocation



- Adopt a business and marketing strategy to strengthen the motion drive solutions, including motors, gearboxes and inverters
- Invest and master the most efficient motor and drive technologies
- Accelerate the automation business internationalization, increasing drives, circuit breakers and residual differential switches the production in China
- Keep focusing the transmission & distribution business in the Americas and Sub-Saharan Africa, with investments to increase capacity in Mexico and the United States
- Globally incorporate the offer of digital solutions for asset management
- Performance and productivity levels in the operations abroad according to our Brazilian levels
- Productivity and efficiency gains through greater robotization and digitization
- Structuring the company to strengthen the WEG Culture and increase ESG actions

Thank You

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