

CORPORATE PARTICIPANTS

Mr. André Luís Rodrigues – Chief Financial Officer

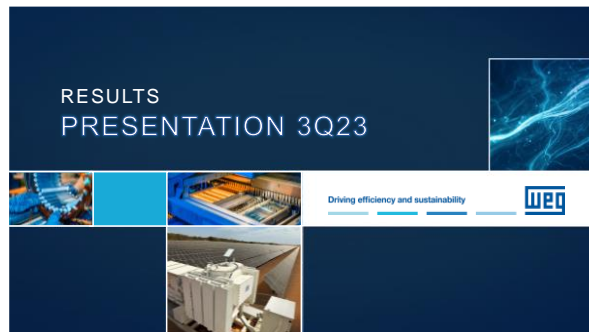
Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

Mr. Wilson Watzko – Controller Officer

Mr. Felipe Scopel Hoffmann – IR Manager

PRESENTATION

Operator: Good morning and welcome to the conference Call on WEG and to release the results of 3Q23.



Please be advised that we are broadcasting this conference call along with the slides on our Investor Relations website at ri.weg.net, and after its conclusion the audio will be available once again on the IR website.



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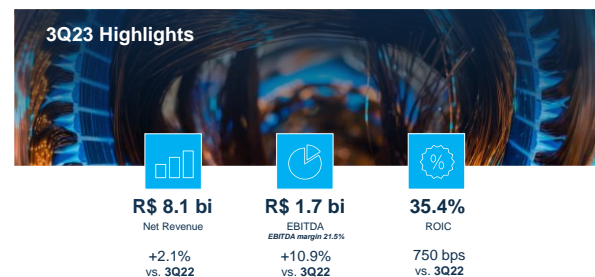
As a reminder, this conference call is being conducted in Portuguese with simultaneous translation into English.

With us today in Jaraguá do Sul we have Mr. André Luís Rodrigues, Administrative and Financial Officer; André Meneguetti Salgueiro, Finance Director and Investor Relations Officer; Wilson Watzko, Controller Officer and Felipe Scopel Hoffmann, Investor Relations Manager.

Mr. André Rodrigues, you may proceed, you have the floor.

Mr. André Luís Rodrigues – Chief Financial Officer

Good morning, everybody, and it is a pleasure to be with you once again for WEG's earnings conference call.



We delivered a quarter of positive performance and operating margins and return on invested capital, despite the slower pace of growth compared to previous quarters. Good demand for long-cycle products, the mix of products sold and maintaining the operational efficiency of our industrial units continue to contribute to this performance.

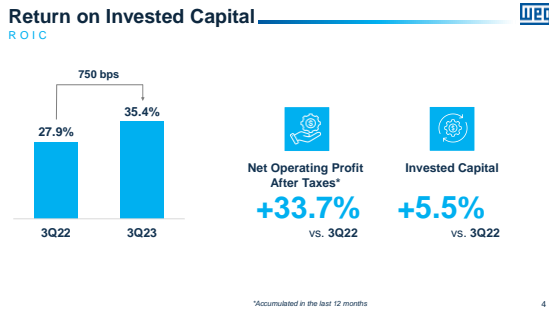
In this quarter, net operating revenue grew 2.1% vis-à-vis 3Q22. In Brazil, good results in revenues from sales of long-cycle equipment, especially in the field of power generation, transmission and distribution with an emphasis on transmission and distribution and wind generation projects.

In the foreign market, the GDT business once again made a positive contribution, especially the T&D business. In the other business units, we saw stability and demand for our products and services, with growth in revenues in local currencies compared to the same period last year.



EBITDA reached 1.7 billion BRL, up 10.9% vis-à-vis 3Q22. The EBITDA margin ended the quarter at 21.5%, an increase of 1.7 p.p. compared to the same period last year. Throughout the presentation André will provide more details on the performance.

On the other hand, the solar generation business, still influenced by the high cost of financing, the change in regulations in the sector and more recently the reduction in raw material costs, showed a drop compared to the same period last year, impacting revenue growth in this business unit.



In commercial engines and appliance, despite the drop vis-à-vis 3Q22 we saw demand pick up in relation to 2Q, especially for the pumps and air conditioning segments.

In paints and varnishes we saw demand settle, despite the positive activity linked to the oil and gas and maintenance segments.

And finally, ROIC, well, you'll see on the next slide, reached 35.4%, an increase of 7.5. p.p. compared to 3Q22. The improvement in our operating performance, supported mainly by the improvement in margins and control of working capital requirements, more than offset the increase in investments in fixed assets in the period.

In the foreign market, despite the good performance in local currencies in most of the markets, revenue performance in BRL was impacted by the exchange rate variation. In industrial short-cycle products such as low-voltage electric motors and serial automation projects, we have the oil and gas and water and sanitation segments standing out.

I will now hand the floor over to André Salgueiro.

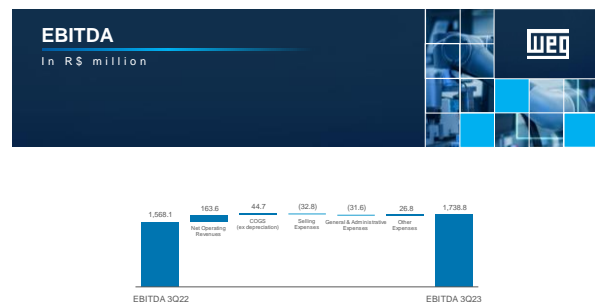
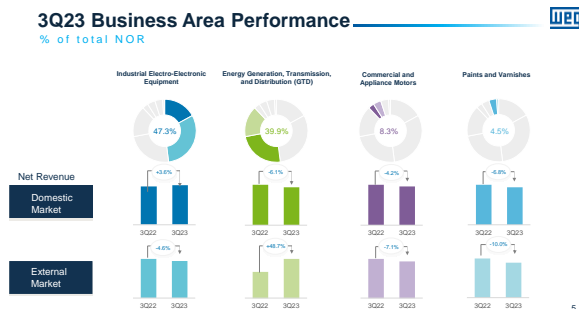
For long-cycle equipment such as medium-voltage electric motors and automation systems, we continue to see good demand reflecting the order backlog buildup in recent quarters.

Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

In the GT area, the T&D business showed good results, especially in North America, with sales of transformers for power stations being particularly strong. In commercial engines and appliance, despite the good performance of the commercial engine operations in the US, there were fluctuations in demand in Mexico and China resulting in stable revenue in dollars. The drop in revenue in BRL reflects the exchange rate variation for the period.

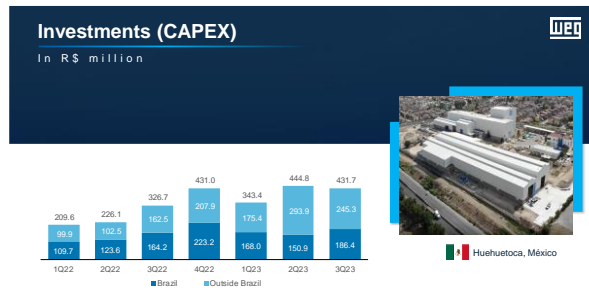
Thank you, André, good morning, everyone. On slide 5, I present the evolution of the revenue of business areas and markets where we operate. In Brazil, we continue to see good demand for long-cycle industrial equipment such as medium-voltage electric motors and automation panels.

In paints and varnishes, revenues from operations abroad also fell, impacted by the exchange rate variation and lower export activity from Brazil.



For the short-cycle projects we saw healthy demand for automation equipment and sales of industrial electric motors. In GTD the T&D business posted another quarter with good results, boosted by deliveries in large transformers and substations and the distribution network auctions. We also highlight the wind generation business that stands out.

In slide number 6, we see the evolution of EBITDA, which grew 10.9%. The EBITDA margin ended the quarter at 21.5%, 1.7 p.p. higher than the same period last year. This is a reflection of the accommodation of cost in recent quarters, along with a better mix of products sold.



Huehuetoca, México

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Finally, on slide 7, we show you the evolution of our investments. We invested 431 million this quarter, 43% in production units in Brazil and 57% abroad in Brazil. We continue to invest in the expansion. Of the industrial motor electric correction motor and battery pack factories in Mexico, as well as continuing to increase production capacity at the motor and transformer plant.

We also announced the acquisition of a new plot of land. Abroad, we are continuing with the construction of the motor factory in Portugal and the expansion of the high-voltage motor and generator factory in India.

That concludes my part, I will return the floor to André.

Mr. André Luís Rodrigues – Chief Financial Officer

Now before we go to the question-and-answer session, I would like to refer to our latest achievements and comment on our outlook for the rest of the year.

Regarding the achievements, I would like to highlight, we recently announced the 400 million acquisition of Regal Rexnord industrial electric motors and generators business. In line with our strategy of continuous and sustainable growth, this transaction includes the acquisition of 10 factories in 7 countries, commercial branches in 11 countries and a team of approximately 2800 employees worldwide. The completion of this transaction is subject to the fulfillment of certain conditions precedent, including the necessary regulatory approval for the transaction.

RECENT ACHIEVEMENTS

- Acquisition of the industrial electric motors and generators businesses from Regal Rexnord
- Acquisition of a new land with total area of 640,000 m² (6,500,000 ft²) in the city of Atotonilco de Tula, state of Hidalgo, Mexico
- Investments to expand production capacity of automation products in Itajaí/SC

OUTLOOK

- Global macroeconomic scenario demands attention
- Long-cycle order backlog continue positive, while the short-cycle shows some signs of deceleration
- Healthy operating margin dynamics and positive returns

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As Salguero mentioned, in August we announced the acquisition of a new plot of land in Mexico in an

investment of 40 million USD. The site has a total area of 640,000 m². It's located opposite WEG's largest industrial park in the country and should enable us to gradually increase production capacity and expand.

We also have an important project to expand production capacity and verticalization in Itajaí, Santa Catarina, Brazil, which will be carried out in the existing manufacturing part and will receive investments of 87 million with completion scheduled for the end of 2024.

I would like to speak about the outlook for the rest of the year.

We remain attentive to the global macroeconomic scenario and the possible risks and volatilities in our operations. Recent data shows a slowdown in demand for industrial equipment globally. Despite this, we maintain our expectation for growth, albeit at levels below those of recent years, given our diversification and positive demand in some businesses, especially in the long-cycle equipment, where we continue to have a good order backlog, both in Brazil and abroad for industrial equipment in GDT with an emphasis for transmission and distribution projects.

On the other hand, in short-cycle business, we're starting to see some signs of slowdown. We continue to have healthy operating dynamics with a good mix of products sold and maintenance of the operating efficiency. We should continue to support profitability and return on invested capital for the rest of the year.

This concludes our presentation. Operator, we can continue on with the Q&A session.

Q&A SESSION

Operator

Ladies and gentlemen, we will now go on to the question-and-answer session.

Should you wish to pose a question please press *1. To withdraw your question from the queue press *2.



Our first question is from Victor Mizusaki from Bradesco BBI.

Mr. Victor Mizusaki – Bradesco BBI

Good morning and I have two questions at my end, the first referring to what you just said about the global scenario. When we look at the result of WEG in 3Q and we see what is happening in Europe, there has been a drop. My first question, if industrial equipment in Europe, well, there has been an impact on Europe as a whole.

If you could give us more details on specific sectors, which is the product line and cost, if you could share this information with us.

And the second question refers to margins. We have seen a drop in 3Q, and other players of other sectors have signaled that they should continue on in 4Q. If you could also refer to this margin issue, thank you.

Mr. André Luís Rodrigues – Chief Financial Officer

Hello, Victor, and thank you for the question. The first issue referring to the drop of revenues in Europe in 3Q this year vis-à-vis 2Q, I don't know if you recall, in 2Q we mentioned we had a specific project for GTD in Europe. It was specific for that quarter, and we did not have any recurrency in terms of this project; and this took place exclusively in 2Q and this is what led to the drop in the other markets.

We see very positive performance, above our expectations in some cases. Now when it comes to your second question referring to margins, during the last quarter we had 22.4% of margin, and we're always very careful when we speak about margins because we can have oscillations between one quarter and the other.

Now because of globalization of costs and much more, we had a return of the margin, but not significant. I think Salgueiro mentioned this in the presentation, we had an increase in revenues for wind energy in 1HTY. As you know, globally, the wind energy sector has less revenues, less margins than our other businesses and this also impacted our margin reduction.

Now if we exclude this effect of wind energy, even with this we delivered a margin that is quite reasonable, considering the context that we are undergoing at present globally.

Mr. Victor Mizusaki – Bradesco BBI

Well, thank you, thank you very much.

Operator

Our next question is from Lucas Laghi from XP Investimentos.

Mr. Lucas Laghi - XP Investimentos

Good morning, everybody and given the acceleration of growth that were observing, we have been speaking with investors and if we go back to what was said at the end in terms of the slowdown of new orders, I think that for the long-cycle you have a very strong portfolio that is sustainable, and of course this should go on in the coming quarters.

My question is how do you see the entry of new orders and the cost in foreign markets? We have truly observed a slowdown in our global peers, especially in terms of new orders. Of course, you have a backlog, but. Does this mean you will have a better generation of revenues in the coming quarters?

And another point simply to check what is happening domestically, you mentioned that in GDT the performance is not as good as in previous years, but that you have begun to see a recovery in distributed solar generation in Brazil as well. And this is simply to better understand those points that are related to the growth of revenue and of course the slowdown.

Mr. André Luís Rodrigues – Chief Financial Officer

Thank you, Lucas, for your question. I'm going to answer part of the question and Salgueiro will complete the answer regarding GDT. I believe that we have to begin carrying out an analysis of what has happened in the last 3 1/2 years. We went through a very favorable period in terms of demand for industrial equipment, and of course it was expected that we would have a normalization of this situation - and this has begun to happen.

Now, we have seen increase of demand for some equipment in Brazil as well as abroad. The message is that regardless of this context, in this quarter we had two factors with a significant impact on the performance of our revenue: I'm referring to the exchange rate valuation of the BRL vis-à-vis the foreign currencies and the performance of the solar sector (quarter on quarter our growth was 2.1%). Now if we exclude these two effects, we would have revenues with a growth of very close to 10% of growth for the quarter - and I think that this is



reasonable if we think of the restrictive context of global economy.

When we speak about revenues, just as an example, the solar energy had two negative impacts. First, an impact on revenue due to the drop that was described, and the volumes traded; and secondly, this refers to the reduction in the price of solar panels. We had a drop in the cost of solar panels, panels become ever cheaper and of course revenues are lower leading to price variation, impacting the revenue for the quarter. Basically, this is what happened when we analyze what happened in this quarter in terms of revenue performance.

Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer

This is Salgueiro, and simply to add to what was said by André and refer to the portfolio, we need to break this down by region. We had already been reporting a good activity of our portfolio with the entry of orders from Europe. This is something that has been happening. For more than a quarter.

We also have a specific situation in Asia Pacific, more specifically in China (a slower recovery than we had imagined) and we have begun to observe volatility in other regions, especially in the short-cycle equipment. We have to follow up on this and the short-cycle portfolio is not a very long portfolio, it will last two to three months, and we'll have to follow up on the evolution month after month - but we do have signs of volatility.

It's also important to mention that the long-cycle portfolio continues to be positive in the industrial part in the large projects, oil and gas, pulp and paper; especially in GTD with a highlight for IT.

Now regarding your second question, to qualify this better in practice, in 3Q solar energy accelerated the slowdown vis-à-vis what had happened in 1HTY. It wasn't a significant drop, but it did take place and basically due to a more recent effect, which is a change in regulation and the high cost of financing, which has been a reality since the beginning of the year.

What we have begun to observe since the end of 2Q is a greater impact on price, as André mentioned, once again because of a reduction in the cost of panels during the year and because of the market dynamic. There is a drop in price and of course this compromises our growth.

So, in the solar segment, from the viewpoint of revenue, we have had a more intensive effect, but when we look at other segments, yes, there is a drop at, a lower drop in revenue; and we see lower drops vis-à-vis the market.

that is also having these drops. So, this is a more challenging moment for the market at present, but we are gaining space, and we think that during a resumption we will be very well positioned to make the most of this in coming years.

Mr. Lucas Laghi - XP Investimentos

OK, that's very clear. Thank you and have a good day.

Operator

Our next question is from Daniel Gasparete from Itaú BBA.

Mr. Daniel Gasparete – Itaú BBA

Good morning, everybody and thank you for the call, we have two questions. First of all, we would like to gain a better understanding of the price trend and margins in motors. You spoke about a drop in the order entry. Now the impact that you achieved in the margin, does this already reflect a drop in prices or have prices remained constant? Is it a greater volume, lower price, or are both taking place?

We have another question referring to the long-cycle margins. You did explain the effect on wind energy. Now in terms of the construction contracts you have had a growth, it has reached the higher revenue rate since 2018. Now simply to better understand this, if this is the effect of the wind energy where the margins are different than they were in the past, or does this mean you have a normalization of the long-cycle margins, which of course is something that happens and will happen in the longer run? Now, this is simply to understand if the magnitude of margins will continue on or if we will have a decrease going forward, thank you.

Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer

Gasparete, thank you for your questions. Now, regarding price, specifically when it comes to motors or engines, there hasn't been a significant change in the last quarters. The price is relatively stable since the beginning of the year, which means that there are no significant tickets.

Now, when it comes to the long-cycle margin, what we observe - and I'm referring to our construction contract - in fact, there was a fluctuation in the quarter. Part of this is linked to what was mentioned by André, wind energy with a somewhat higher share in the revenues

this quarter. This doesn't mean that the margins of wind energy are worse; the share of revenues is somewhat higher, this had an impact.

But this effect is not only for wind energy. The long-cycle dynamic, as we mentioned in the previous quarter, is that as time goes by, as we deliver the projects that we contracted in the past, we also have the entry of new product with a more normalized margin, and of course this is what has been happening in the last quarters. It's natural to see a normalization of this margin, which has been positive in the last quarters and is now returning to a scenario of greater normalcy, not only in wind energy, but normalization, as we had anticipated, as part of the margins of the long cycle.

Mr. Daniel Gasparete – Itaú BBA

Simply a follow up if you allow me: the prices continue to be quite stable. Is it fair to think that you will have a more stable order entry and that the second movement in industry will be a slight increase in prices? The competitive environment, of course, will have an impact on prices.

Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

Well, if you think about that dynamic that would make sense, but we depend on the market. We repeat this, everything depends on the market, and according to the situation we have to adjust to it. We're following up on what happens and depending on what will happen, we will have to take a stance.

Mr. Daniel Gasparete – Itaú BBA

Thank you, thank you very much and have a good day.

Operator

Our next question is from Lucas Marchiori from BTG Pactual.

Mr. Lucas Marchiori - BTG Pactual

Good morning and thank you for the call, we have two topics at our end. Now, given the magnitude of this slowdown in your top line since the beginning of the year - and we spoke about mid-teens, low teens - and I would like to understand your understanding of which should be your top line growth in the rolling 12 months, if it will be below that, if you have room to catch up on those

factors going forward? Simply to work with that moving average exercise.

Now the second topic, I did not find a great deal of information, information on the wind. I presume this refers to the new turbine, if this means that you will further internationalize your wind energy project. If you could give us more in-depth explanations on this.

Mr. André Luís Rodrigues – Chief Financial Officer

Hello Lucas, this is André Rodrigues. Now to speak about the rolling 12 months, rolling year, we're still concluding our budgetary process and you will have more information at the end of the year. What I mentioned in one of the first answers regarding to the market situation is that we no longer have wind in our favor, this is very clear. We look at the news in terms of the demand in most of our businesses and it is important to underscore that we have been through situations like this one in several times of our history, and what WEG tends to do is to find alternatives in its long-term strategy to be able to withstand more difficult moments.

There are avenues of growth. We're always very faithful of these new avenues. We develop new opportunities with the products that we have, the demand for electrification, the new trends. Well, the demand will continue to be high for our products.

Internationalization, we continue to invest in this. In the presentation I also mentioned the new lot that we acquired in Mexico and we're working to work on projects for the future to ensure our growth, more recently, a plant for the construction of low-voltage motors and the general development of our business - and we cannot forget the inorganic growth that from time to time also contributes to the company's growth.

Last month we had the acquisition of the system, so the message is that even in unfavorable environment, the Company has to seek alternatives to continue to find these avenues for growth - and WEG has done this through time, and we have given you some clues of how we're going to continue to do this going forward.

Regarding Bewind this is positive news. We are reinforcing our engineering structure in wind energy business. This is not the first time we do this. When we began with the 2.1 machine, we carried out a partnership with an American company that we later acquired. Bewind is a company that specializes in the development of new technologies and projects for aerogenerators and turbines as well. It also renders services, offers consultancy, develops technology for the generation of wind energy. It has a team of 30 professionals that are highly qualified, led by an



engineer with more than 15 years of experience in the industry. We have a minority position, 45% in the company, and this acquisition is part of the WEG's growth strategy when it comes to renewable energy in the GTD business.

We're working with a robotic construction of 7 MB. The consultancy participated in this project, and this gives us the opportunity to continue to develop new technologies for this market, and shows the commitment that WEG has in the future of wind energy business.

Mr. Lucas Marchiori - BTG Pactual

Wonderful, thank you very much for your answers, have a good day.

Operator

Our next question is from Rogerio Araujo from Bank of America.

Mr. Rogerio Araujo - Bank of America

Good morning, everybody, thank you Salgueiro, thank you for taking the question. I have a question, which is the following: if you think about markets that could contribute with growth revenues for WEG, if you could give us a better notion of timing, simply to feel how enthusiastic you are in terms of your growth potential - and of course, here we exclude everything you have already mentioned in Turkey, India, United States and Brazil, an increase in market share in automation and automation drive, new businesses, electric products, battery storage, digital solutions, endless.

So, if you could tell us what is it that gives you the greatest enthusiasm as part of your order portfolio? Of course, your order portfolio will continue strong in coming quarters, but does not have an incremental growth of revenue. So, what could lead to a better growth, incremental revenues? And also give us a timing idea if you could, thank you very much.

Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

Well, thank you, Rogerio, for the question, and while you were making the question we were thinking about the answer. Let's speak about the opportunities we have before us. We have grasped most of them. Sometimes we don't highlight any, but opportunities do happen in businesses that are already mature in the Company.

We have the T&D business transmission and distribution that we have been speaking about for years. In the last 12 months T&D has been highlighted in growth not only in Brazil but also abroad, and the outlook is very positive in the Brazilian market because of all of the projects for transmission auctions and projects we have had in the last year and in what is about to happen going forward.

The demand we have for transformers for renewable energy and all the part of transformers for distribution networks and industrial transformers that also have a very positive performance abroad. A very positive outlook for T&D, especially in the US and in Mexico.

But what stands out most is the United States, and we're reinforcing the electrical grid and generation of renewable energy and the positive market because of the inflation reduction in the United States. What is happening in the United States poses a very good opportunity for us, but it is in the middle and long run.

Besides the investment we have already mentioned of investment in US and Mexico, as André mentioned we're working with electrical energy. This is a reality in terms of supplying the powertrain for heavy vehicle in Brazil and recharging stations that have had a relatively good performance, and the opportunity of internationalizing as a whole.

You mentioned automation, and I speak about the strategy that we have for automation drive that we refer to significantly less year. We want to make the most of the share WEG has in industrial motors and leverage the growth in gear boxes and other businesses that we have in our portfolio that have a good outlook for development for the future.

Mr. Rogerio Araujo - Bank of America

Well, thank you Salgueiro, that is very clear. If you allow me a follow-up question, you spoke about distributed solar energy. Now, if you could clarify this point better, it seems that in 2Q you had a drop in the incremental revenue because of raw material; and besides that, is there any expectation for recovery? Do you have visibility on when the recovery will take place, if there will continue to be a drop when you will have a stronger base for solar generation?

And you also spoke about sun farms that could become part of your portfolio to offset this distributed solar distribution. It would be wonderful if we could have more color at the base and just how far the solar distribution is hampering your growth, thank you.



Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

OK, let's explore this further then. In practice, I think the dynamic has already been mentioned. It happened in 3Q, and I would like to underscore that when we look at volume at megawatts, we don't see the market worsening. This effect in 3Q is more connected to price, and if we look at the future the price will be positive. The lower cost for the system improves payback and return for the end client, and this could lead to greater demand going forward, so we're going to have to follow up on this.

The year of 2023 is a year where we see a market accommodation because of the regulatory changes, the higher cost of financing and more recently the price effects. In 2024, we still have the phaseout of our distributed generation projects. Our middle and large projects in GD, TD as we call them here, something should be happening with these in 2024 and we should also see a recovery in demand given the price drop.

For the rest, especially for the smaller-sized projects, it's very difficult to share our expectation with you because our expectation is for the mid and long term, but in solar energy, we do believe that we should have growth in the middle and long term. This makes sense in the Brazilian market. For years we have had a very strong growth because of the incentives that existed to develop the market. These have been withdrawn, and after the adjustments that are happening this year and because of the phase-out that we will have in 2024, we should see a resumption in this market, eventually. Perhaps not at the same growth pace that we saw in the past, but a more constant growth at a lower level than observed in the past.

Now this area is centralized generation. This year is better than last year, but here once again we depend on that demand for new energy, and looking forward this will depend on the dynamic of options for energy. We're working on some projects for the free contracting market and we will see what happens going forward.

Mr. Rogerio Araujo - Bank of America

Thank you very much. Well, once the regulations are fully implemented, how relevant will this be for the WEG portfolio?

Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

I would say about 30%.

Mr. Rogerio Araujo - Bank of America

Very good. Well, that was very clear, thank you very much.

Operator

Our next question is from Alberto Valerio from UBS.

Mr. Alberto Valério – UBS

Hello, Salgueiro and Rodrigues, thank you for taking my question. Well, you have addressed most of our doubts. I do have one more question that refers to the labor market. We spoke about the salaries that were somewhat tight; if you could give us an update in terms of this market and some potential bottlenecks, or growth in supply, not in demand that you could face in the future. Thank you.

Mr. André Luís Rodrigues – Chief Financial Officer

Hello, Alberto. Let's speak about the first part of the question. In GT we have greater difficulties in the US market. If we had better availability of Labor, we could enhance our production capacity in terms of transformers. Now this is concentrated in the United States in the plants in the South and Washington. In Mexico, we don't foresee any problem because our units in Mexico are located in Monterey, where you have a greater offer of labor and a significant demand. We don't foresee any difficulty in Mexico. All of our labor needs have been fulfilled.

Now regarding the chains, after the pandemic and because of the normalization, we have not seen any bottlenecks. But it is correct to state that when it comes to components, this has not been fully normalized - but we have learned our lesson. We are working with longer-term contracts for the supply of electronic components, and we hope that in 2024 this part will also have been fully normalized.

Mr. Alberto Valério – UBS

That's wonderful, thank you very much. A follow up if you allow me, regarding Rogerio's last question on solar energy. Your portfolio for many plants for the residential segment, what are you expecting from this? If you could give us more color about this segment.

Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer

The solar energy portfolio is a very short portfolio. As we have observed a drop in revenues, this also is reflected in the portfolio. When we look to the future, we have visibility of some months, but there is no dynamic that is different in terms of portfolio compared to the demand we see from the customers and what is happening in revenues. So, the mix throughout the year will be maintained and for the coming year we will have to see what happens depending on the subsequent demand we will have.

Mr. Alberto Valério – UBS

Thank you, thank you very much.

Operator

Our next question is from Marcelo Motta from JP Morgan.

Mr. Marcelo Motta – JP Morgan

Good morning and we have two questions. The first, if you could speak about your outlook for your CAPEX. We see an increase in pace in the domestic market and with the acquisition of Regal, if your CAPEX will be somewhat lower compared to 2023 because of this accommodation. So, which will be your CAPEX demand for the coming quarters?

And the second question, in the last call you mentioned that you were still surveying the impact to give the market a better outlook of what would happen in 2024, and I would like to know if there's any novelty in this field.

Mr. André Luís Rodrigues – Chief Financial Officer

Motta, thank you for the two questions. Let's begin with the CAPEX. Everything that we have invested has been done with a long-term vision. Evidently, in the more assertive moments of the economy we can adjust our speed. We're completing our budgetary process and we don't foresee a reduction of CAPEX for the coming year, because of all of the business dynamic that we have approached in the call, a very positive dynamic for transmission and distribution that is consistent in all the regions where we operate.

We foresee an increase of capacity in Brazil and North America and in all of the countries of Latin America where we operate. We cannot forget the investments we're making in Brazil itself on battery packs, the increase of capacity of motors, a plant that will be devoted to electrical components. So, at this precise moment in some businesses, we have very consistent demand, and we don't see a scenario for reduction of CAPEX for 2024. At the end of the year, of course, we will be able to convey more details about all of our expectations and where the company is willing to allocate more capital in its quest for growth.

In terms of the transfer price, the only update that we have now is the following: we're developing a benchmark; we have concluded this work and as we have said during the year, we confirm our expectation of the estimated impact of reducing by 50% the benefit that we had in previous years. So, we're confirming what we had as the initial expectation.

Mr. Marcelo Motta – JP Morgan

Wonderful, very clear, thank you very much.

Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer

I'm sorry, we were on mute, Bruno, I think had a question. If your microphone is on, you can go on with your question.

Mr. Bruno Amorim – XP Investimentos

Can I proceed with my question?

Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer

Yes, it was a problem with the operator. Please proceed with your question.

Mr. Bruno Amorim – XP Investimentos

Good morning and thank you. We have spoken about your outlook for growth in the call, but it would be interesting to put together all of these moving parts. We have seen a zero growth after a growth of 30, 20 or 10%. I would like to know if when going forward we will have a contraction in revenues, if the company will have to return the additional amounts of revenue it made during the pandemic, or if what we see now is what we should expect going forward: perhaps not a growth of 20-30,



but 10-15%, which is your historical average. Because if, the question is if we will have a contraction in revenue, if this drop will stop happening, if we will see more moderate growth.

And the second question, I would like to speak more about the short cycle in the United States. We see some industries accelerating there. So, what do you see there? If this is simply a phenomenon of the last few months? If you could give us more color on this short-cycle group, which is more interesting in Brazil now. Anything would help us to better understand what will happen with margin, thank you.

Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

Very well, Bruno. Regarding the growth, I think André has spoken about this, especially when thinking about the coming 12 months. We have had a slight slowdown in the last quarters, months. We have come to a growth of 2.1% in this quarter partially due to the exchange rate and some specific adjustments we have already mentioned.

It's important to look at the revenues of the market abroad in USD. As we disclosed them in the release, we still see expressive growth (14% in USD), almost 20% in local currencies. Now having said that, if we look at our shorter-term scenario, we will perhaps have a smaller growth. Now we're surveying these scenarios to be able to disclose more information, but as André mentioned, we're looking at opportunities in markets where the wind is not truly favorable, but to continue on with sustainable growth in the company. So, the retraction of revenue is not one of our scenarios when we think about 2024.

When it comes to the short cycle in the US, yes, we have seen a slowdown, but if we look at the revenue performance, it's growing in USD in mid digit. There was a slight drop vis-à-vis what was presented in 1HTY, and we have to follow up on this going forward. In the regions where we are active, the situation is more positive, but in the industrial part we do see some signs of a slowdown that we have not observed up to present. Our portfolio is relatively short, and we do have a very close follow up on this.

Mr. Bruno Amorim – XP Investimentos

Thank you, thank you very much.

Operator

Ladies and gentlemen, at this point we are going to end the question-and-answer session. We're going to return the floor to Mr. André Rodrigues for his closing remarks.

Mr. André Luís Rodrigues – Chief Financial Officer

Well, once again, we invite all of you for our next edition of WEG Day on December 8th. It will be a pleasure to meet all of you. Thank you very much for your attendance, have a good day.

Operator

The WEG conference call ends here. We would like to thank all of you for your participation, have a good day.
