CORPORATE PARTICIPANTS

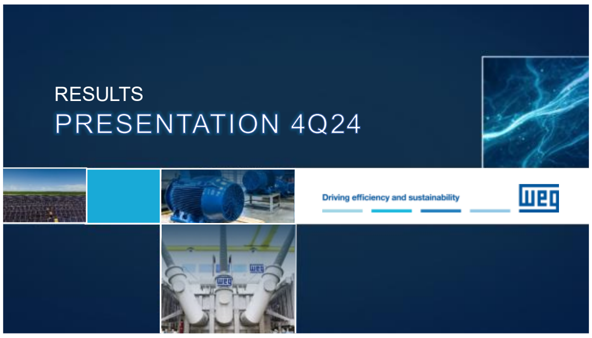
Mr. André Luís Rodrigues – Chief Financial Officer

Mr. André Menegueti Salgueiro – Finance Director and Investor Relations 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 4Q24.



I would like to highlight that simultaneous translation is available on the platform on the 'Interpretation' button at the bottom of your screen. Again, this conference call is being streamed live and after its conclusion the audio will be available on our Investor Relations website.

During the company's presentation, all participants will be in listen-only mode. We'll then start the Q&A session.

To ask questions, click on 'Raise Your Hand' at the bottom of your screen to join the queue. When you are announced, a prompt to activate your microphone will appear on the screen and you must then turn on your microphone to ask questions.

If you have more than one questions, we recommend that you ask them all at once. If we don't have time to answer all the questions live, feel free to send your questions to our e-mail address: ri@weg.net, and we'll reply after the end of the conference call.

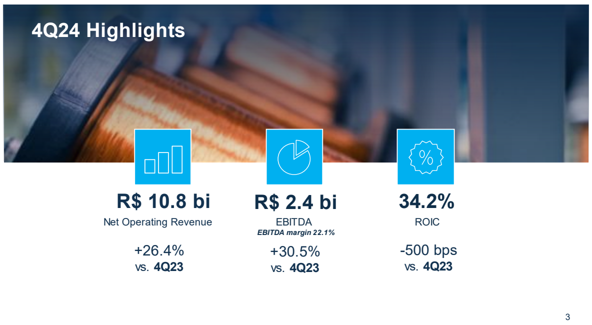
We would like to emphasize that any forward-looking statements contained in this document or any statements that may be made during the conference call regarding future events, business outlooks, operational and financial projections and goals and WEG's potential future growth are merely the beliefs and expectations of WEG's management, based on currently available information. Forward-looking statements involve risks and uncertainties, and therefore depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors could affect WEG's future performance and lead to results that will be materially different from those in the statements.

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

Please, Mr. André Rodrigues, you may go on.

Mr. André Luís Rodrigues – Chief Financial Officer

Good morning, everyone. It's a pleasure to be with you once again for WEG's earnings conference call.

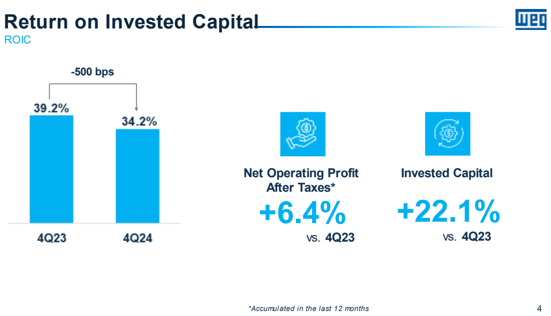


I will start with the highlights of the quarter on slide 3, where net operating revenue grew by 26.4% compared to 4Q23.

In Brazil, we had another quarter of growth, with strong performance in long-cycle equipment, especially in transmission and distribution projects, along with the resumption of centralized solar central generation projects. For short-cycle equipment, we continue to see healthy demand in industrial electric and electronic equipment and commercial motors and appliance.

In the international market, we had yet another quarter with good delivery volume in the power generation, transmission and distribution businesses, particularly in North America, as well as the execution of generation projects in Europe. In industrial segment, activity remains strong in several important sectors, with highlights in oil and gas and water and sanitation. Additionally, we would like to tell you that recent acquisitions also contributed to revenue growth in the quarter. EBITDA reached 2.4 billion BRL a 30.5 increase compared to 4Q23. EBITDA margin closed the quarter at 22.1%, an increase of 0.7 p.p. compared to the same period last year. Throughout the presentation, André Salgueiro will give you more color on these points.

Meanwhile, Return on Invested Capital, one of our main financial indicators, remained at a high 34.2%, as we can see in more details on the next slide.



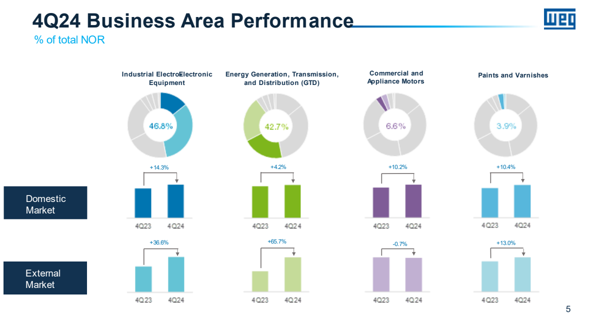
Here we observe a reduction of 5 p.p. compared to 4Q23. This is mainly explained by the non-recurring effect in 4Q23 related to the establish of a new subsidiary in Switzerland and by the growth of invested capital, primarily due to investments in fixed assets and recent acquisitions, despite revenue growth and the maintenance of healthy operating margins during the period.

Now I'll turn over to André Salgueiro.

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

Thanks André, good morning, everyone. On Slide 5, we bring the revenue evolution of our businesses.

In Brazil, industrial activity remained healthy with strong demand for short-cycle equipment, such as low-voltage electric motors and serial automation products, in addition to solid performance in long-cycle equipment like high-voltage motors.



GTD continued to show revenue growth with another quarter of growth in T&D, especially because of the delivery of large transformers and substations linked to transmission and distribution network projects. We also highlight the positive performance in solar generation, with the resumption of centralized projects, along with the continued strong demand in the distributed generation business, which helped offset the lower delivery of wind turbines.

In commercial motors and appliances, we continued to perform well, with sales growth in key segments such as air conditioners, washing machines and compressors.

In paints and varnishes, sales volume remains strong, with diversified demand across different market segments.

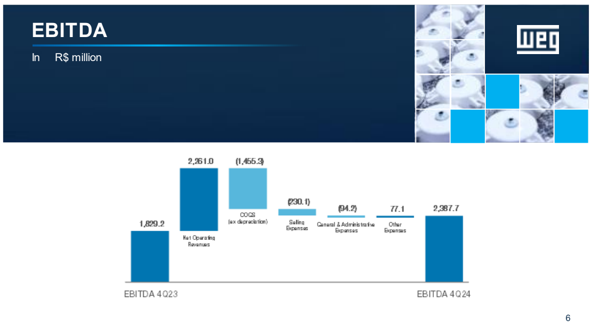
In the international market, we saw positive demand for short-cycle equipment, such as low-voltage electric motors.

Also good results for long-cycle equipment, including high-voltage motors, automation panels, especially in key segments such as oil and gas and water and sanitation. Remember that the integration of Marathon, Cemp and Rotor and Volt Electric Motors businesses contributed to revenue growth in the quarter.

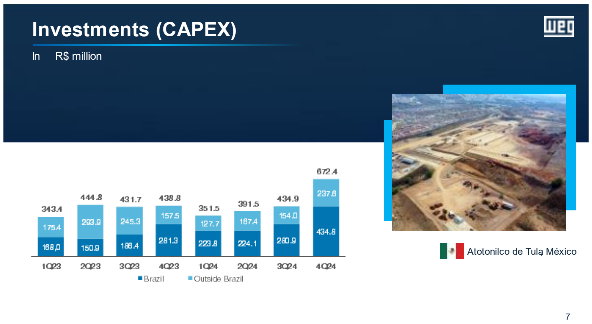
In GTD, we continue to capitalize on opportunities in the T&D market in North America, as well as solid performance in our power generation operation in Europe. Remember, the acquiring of the Marathon brand generators business also contributed to the revenue performance.

In commercial motors and appliances, a slowdown in sales in key markets such as North America and Argentina impacted revenue growth compared to the previous year, despite the positive contribution from our operations in China.

In paints and varnishes we continue to see revenue growth, driven mainly by strong results from our operation in Mexico.



Slide 6 shows EBITDA evolution with growth of 30.5%, while EBITDA margin ended the quarter at 22.1%, showing yet another quarter of improvement compared to the same period last year. This reflects primarily the margin improvement in long-cycle equipment and the continued positive momentum of short-cycle businesses. Important to note, this quarter we had a change in the mix of products sold, particularly the increased relevance of the solar generation business, in addition to the non-recurring adjustments related to the valuation report of the Marathon business.



Finally, on Slide 7 we show the evolution of our investments with a total of 672 million (65% in Brazil, 35% abroad).

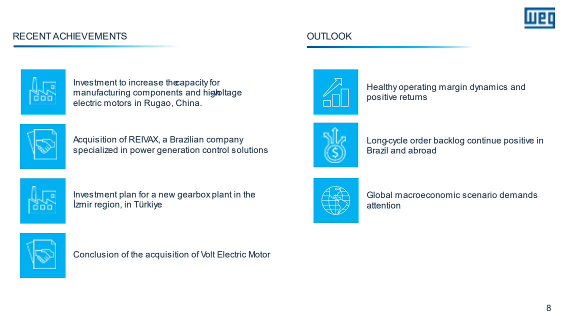
In Brazil, we continue to modernize and expand the production capacity of transformers at Betim and Blumenau units, in addition to increase in the production capacity of industrial motors in Jaraguá do Sul and expanding the automation units' operations in Itajaí.

Abroad, we continue to invest in Mexico, advancing the construction of the new transformer plant, enhancing the production capacity of the electric motor factory and expanding the automation unit; in China, we are expanding low-voltage motor production capacity.

With that I conclude my part and hand it back to André.

Mr. André Luís Rodrigues – Chief Financial Officer

On Slide 8 and before we move to the Q&A session, I would like to talk about some of our recent accomplishments and share our outlook for the year.



Accomplishments, I would like to highlight that in November we announced an investment of 62 million USD to expand production capacity at the Rugao industrial complex in China. The investment involves increasing company's manufacturing capacity and constructing a 30,000 m² building for high-voltage motor production.

We also announced the acquisition of REIVAX, a Brazilian company in the power generation control system sector, a well-established company with presence in both domestic and international markets.

In December, we completed the acquisition of Volt Electric Motors, a Turkish manufacturer of industrial and commercial electric motors. The acquisition diversifies WEG's industrial footprint to serve not only Turkey, but also other strategic nearby markets.

Also in December, we announced the construction of a new gearbox factory in Turkey, aiming to increase our components manufacturing capacity outside Brazil. The new factory will be established in a 12,000 m² building in the Izmir region, with an investment of approximately 28 million EUR and completion expected by 2027.

Finally, I'd like to share a bit about our outlook for the year. We maintain a healthy operational dynamic, constantly seeking operational efficiency and productivity gains, which should continue to support strong operating margins and Return on Invested Capital.

We continue with a solid order book for long-cycle projects, particularly in the T&D area, along with the resumption of centralized solar generation projects, which should contribute to revenue growth.

However, it's always important to remain vigilant about the global macroeconomic scenario and potential risks and volatility, both locally and internationally. Even so, we maintain our growth expectations with positive demands in most of our businesses and pursuing opportunities in new businesses and international diversification.

That concludes our presentation. Please, operator, let's start our Q&A session.

Q&A SESSION

Operator

We will now start the Q&A session. Remember, if you have a question just ‘Raise Your Hand” at the bottom of the screen icon. To be announced, a request for you to turn your microphone on will show, and then please turn on your mic to ask questions. Please ask all your questions at once.

We are going to start. Our first question comes from Lucas Marchiori from BTG Pactual.

Mr. Lucas Marchiori - BTG Pactual

Thank you, hello everyone, good morning, thanks for the call. I would like your help to try and understand the recurrence, let's put it this way, of some demand factors and revenue that we saw in your results release.

I saw that you had a large delivery in generation in Europe, I think it's turbines. If you could say if your backlog is long, if it should phase-out in the next months and year.

And also solar, this is a topic that I suppose many people talked about a phase-out, you talked about the redemption of some centralized contracts. Is it a long backlog? More contracts coming? What's the average profitability of these orders? So, a bit more color on these two topics, thank you very much.

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

Hi Lucas, good morning, this is André Salgueiro speaking. Ok, the two questions that you asked, recurrent demand. The first part generation in Europe is connected to our joint venture with GD Cummins, and what happened is that we had a concentration of deliveries in 4Q, and that made revenue to be slightly above than what we were delivering in previous quarters, and because of the nature of the products there, this happens sometimes.

I do not know if you remember, but some years ago I think in 3Q we had a relatively similar impact, so I would say it was a concentration. It will not necessarily be recurrent for the future, but every now and then for the future we might have some other concentration because of the nature and the type of product that we produce and deliver.

As for solar, indeed we had a very positive quarter, 4Q24, for two reasons: GD, especially retail, the kits are showing again growth in revenues. They were growing volume and now they're growing revenues, but I think the novelty was centralized generation, so large solar farms that we started deliveries in 4Q. There is this project that we announced to the market, but we have others in our backlog. So, I could say that centralized generation has a good backlog for 1HTY. Of course, we can have something for 2H, but for now it is until the end of 1HTY, beginning of 2H.

Mr. Lucas Marchiori - BTG Pactual

Very clear, thank you very much, André.

Operator

Our next question comes from Rogerio Araujo from Bank of America. Mr. Araujo, you may go on.

Mr. Rogerio Araujo - Bank of America

Hello, good morning, André, Salgueiro, thank you for taking my questions, I have two: the first is try and explore a bit T&D outside of Brazil. We saw GTD growing well abroad, 26% in USD, and already leaving the M&A out. However, when we see the results of WEG Transformers US it was with a share of 14-15% of the profit and this quarter it came to 12. Is it anything recurrent below or above the EBITDA line? This is my first question, and then I'll ask the second question.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi Rogerio, this is André Rodrigues, thanks for your first question. I think there is nothing much new when we talk about the performance of T&D in North America. It continues quite positive, and a variation when we talk about margins results is common depending on the type of product you sold, the type of transformer. So, fluctuations between quarters are business as usual. I think the message is demand continues heated, orders are more and more robust and WEG is more and more ready to meet customer needs.

Mr. Rogerio Araujo - Bank of America

Very good, thank you. My second question is about two lines that helped the profit: one is the income tax bracket of 18% this quarter; and then you have 'Others' in 'Financial Expenses' (it was 30-40 million and now it is 6). Any particular effect that is non-recurrent? The result of the rising Selic rate in Brazil? What could you talk about this tax bracket, and just for us to understand if this will contribute to profit in the coming quarters, thank you very much.

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

Hi Rogerio, this is Salgueiro speaking. As for tax bracket, there were some fluctuations. Some fluctuations may happen in between quarters depending on incentives, subsidies that we may have along the quarters, so it's natural to have this kind of fluctuation. Of course, you have the much you export, the much you bring from outside, so this can provoke some variation on the effective tax bracket.

I think the most important point here is that we did have a concern in the end of 23 because of changes in pricing and taxation in Europe. We had the expectation of being between 20-21% and we closed the year more or less so. As for financial results, we did, the main impacts in the quarters are related to exchange rate fluctuations that we had because of the USD fluctuations and the hedging that we have.

And it's important also to remember that in 4Q23 we did have a negative impact, so the comparison base was very low. There was a strong exchange variation in Argentina at the time, and that provoked the change in the financial results. So when you see the differences quarter-on-quarter, fluctuations are normal, but compared to 4Q23, we have these two factors that help explain the variation.

Mr. Rogerio Araujo - Bank of America

Very good, thank you very much André, Salgueiro.

Operator

Our next question comes from João Frizo from Goldman Sachs. You may go on.

Mr. João Frizo - Goldman Sachs

Good morning, everyone, thanks for taking my questions, I have some questions with regards to margin. First, I would like to hear from you what is the expected margin for 25? I think that things change quarter-on-quarter depending on your mix of deliveries, but you did say in your release that the cost of raw material had an impact on margins in 4Q, and even if you adjust to the purchase price allocation, the margin did go down. So, for 2025, is that going to be the new margin, way above pre-pandemic, but with not much room for expansion or contraction - that is both ways? This is the first question.

And the second question about mix. When you take a look at WEG's revenues, the international segment gained relevance in recent years. I know that you don't break down margins by segment or region, but I would like to hear if this margin that deteriorated quarter-on-quarter can be because of a mix of more exports where you naturally have a lower margin because you're not so verticalized as you are in Brazil, and you're not as relevant as you are in Brazil.

And the third question is about CapEx for 25-26. What should we expect in terms of percentage of revenues? So, three questions, thank you very much.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi, João, this is André Rodrigues. Let's talk about margins, I think that it's nice to have some time to talk about that. So, when we talk about future, you have to analyze the quarter. The first thing in our view is that we showed another quarter with excellent margins: we closed the year with margins above what we had in 23, and growth compared to 4Q23.

And to justify that, when I say that nothing has changed in terms of T&D in North America, that has to do with the behavior of the margin, which is positive, and with the demand that we have for this type of equipment. We also had a quarter keeping the good dynamics of short-cycle equipment that do have an impact on margin.

And the reduction can be explained by three factors, I would like to give you a bit more color for us to understand it well: the first thing is that we have in the explanatory note, the non-recurrent adjustments because of the purchase price allocation of Marathon. This is a non-cash, non-recurrent event that impacted the margin by 0.3 p.p.

Another thing that Salgueiro mentioned, is the recovery of the solar business. Solar has a margin behavior that is lower compared to the group's average margin. When you're talking about centralized generation, you have margins that are below distributed generation, and the concentration of sales of solar on LQ24, compared to the whole of the year, was 35% of the total volume that was sold in solar revenues in the quarter, which also has an impact on margin; and the concentration of deliveries that Salgueiro also mentioned of generation projects in Europe. If you do not take this effect into account, the margin would be even higher than 3Q24.

So, it's always good to remember that we are exposed to different markets, different segments - and we do have these fluctuations, they are the nature of the business and therefore, you have an impact of our margins quarter-after-quarter.

And we always like to point out that in the case of WEG, we like to follow the margin for a longer period, at least one year, and if you see the margin of 24 compared to 23, we had growth of 0.6 p.p. So, what is the expectation for this year? It's a positive expectation, especially because the good performance of long-cycle business, T&D. So WEG's objective is always to try and deliver margins above the market.

In the last two years, we had very healthy margins, and we do not expect for 25 margins to be very different than we had in the two last years - but it's always good to follow what's going on in the Market.

There are things that may impact the margin: exchange fluctuations, we are in a period of volatility and that can impact margins in the short term; changes in commodity flows for longer periods, which also may show a higher volatility; and we cannot forget that volatility deceleration of the global macroeconomic scenario may affect margins. So once again, we always like to highlight that our analysis of margins has to be over a longer period of time.

And finally, you talked about the mix of products that could impact margins and that is for sure, that can always happen. I'll give you an example: the recently acquired businesses of Marathon. These are businesses that today have margins that are lower than WEG's, and that's why we are going to work with a verticalization process to implement our processes, and then during integration start improving margins.

You talked about the external market. We have to remember that even in the domestic market, we can have variations compared to product mix, solar, for instance. Salgueiro said we have a very good backlog for centralized generation in these first quarters. So the takeaway message is that variations in between quarters is normal in the behavior of WEG's margins, because we are exposed to several different products, segments, and fluctuations are common - and happen usually.

And as for CapEx, your question for 25-26, we did announce yesterday a proposal for a capital budget that was approved by the Board, and we are planning to invest in 25: 2.6 billion BRL, so investments significantly higher than previous years. Most are projects that were already announced to the market: so the expansion of the wire plant; increasing production capacity and verticalization in automation in Itajai; expansion of foundry in Guaramirim; new investments in T&D, both in Betim and Gravataí in Brazil.

And abroad, we have a lot happening in Mexico: expansion of T&D plants; the new paints plant; some investment in verticalization; in addition to high-voltage motors in China that we announced last year; and the new gearbox plant at Turkey.

So, because of all these investments, CapEx is going to be higher than average, a bit of a peak compared to what we do, perhaps for this year; 26, we still do not have a number, but probably all these projects are, some are going to continue to 26 - but then in the mid-long term we should go back to our average historical.

Mr. João Frizo - Goldman Sachs

Very clear, thank you very much.

Operator

Our next question comes from Jens Spiess from Morgan Stanley. Jens, you may go on.

Mr. Jens Spiess - Morgan Stanley

Sorry, I was on mute. I'll do the question in English. So, I want to ask on FX on the point you just mentioned. I guess, given the BRL depreciation you had in 4Q, it was probably a positive impact for that quarter. So, assuming, for example, that the BRL remains relatively stable from here on, how do you expect the FX to have an impact in 1Q and 2Q? Will it be a tailwind or a headwind, considering that also probably some of those raw materials are purchased in USD? Any color on that would be much appreciated.

And also, I want to ask on any other financial considerations we have to consider maybe for the post-Marathon acquisition, for example, earn-outs. Anything you could highlight that's relevant would be appreciated, thank you.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi, Jens, thanks for your question. Just to follow the call dynamics, we are going to answer in Portuguese and you follow to the simultaneous translation. I think it's always important to say that FX fluctuations and the impact on WEG, along the time is not that much; why? Because we have a chain of products that are also sold in USD, and that somehow the impact is corrected.

In the short term, generally the higher devaluation movements can have an impact. FX was above 6 for a period of time, then it was a bit down, so we thought that it would have a higher impact - but with the reduction, the expectation was adjusted, and whenever we have an impact on raw materials, we try to pass it on to prices. So, with a stable rate, we really don't think that FX is really going to be something that can impact margins for the following quarters.

I think what we have to pay attention to are product mix. I think that in the long run - mid and long run - I think FX is not really something that has a huge impact on our markets. We never expected a BRL devaluation to have better margins. So, when we talk about FX, when we talk about margin, the only thing that concerns us is volatility in the short term, I think this is our greatest concern. But if you think of something for the mid, long-term, I don't think that happens, especially when you're talking about a higher devaluation impacting our margins.

Jens, I don't know if I got the second question about Marathon, if you're asking if there is a change in the profile of our results in the dividend payout. I don't know if that's what you asked, but for now, we don't have anything... sorry, go ahead.

Mr. Jens Spiess - Morgan Stanley

Sure. I was asking, do you have any earn-out structure for the Marathon acquisition or not?

Mr. André Luís Rodrigues – Chief Financial Officer

No, no earn-out with regards to Marathon whatsoever.

Mr. Jens Spiess - Morgan Stanley

Perfect, and if I may, just one last question: on your raw materials, would you say that most of them are sourced locally or do you have a significant portion of that is sourced from abroad? So, for example, like the copper you use for your copper wires, is that sourced from mines in Brazil... sorry, from smelters in Brazil, or is it sourced from somewhere else? Just curious, thank you.

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

Hi, Jens, this is Salgueiro speaking. What we try and do is to have a mix of suppliers. We generally have an option of local suppliers in Brazil, but we also have the option of buying abroad. I just think what's important to say is that regardless of buying in Brazil or abroad, you might have fluctuations - but they are global commodities, so prices tend to behave similarly, even we buy them in Brazil or elsewhere.

Mr. Jens Spiess - Morgan Stanley

Perfect, that is clear, thank you.

Operator

Our next question comes from Lucas Laghi from XP.

Mr. Lucas Laghi - XP

Good morning, thanks for taking my questions. I have two that I would like to explore with you, the first is a follow-up to your profitability demand. When we see the contraction quarter-on-quarter, we see that's mostly because the impact of raw material, which is very much in line with what you mentioned about the mix effect and the increase in the price of inputs.

The mix effect is clearer after what André mentioned in the three points, but thinking of the price of inputs, prices going up, aluminum, copper. So, try and understand how you see the possibility of passing on to your end prices, and so try to understand the dynamics of raw materials and prices.

And the second question is about the revenues. The U.S. had relatively worse performance than other regions, especially quarter-on-quarter. So, was there any specific effect in 4Q about the U.S. specifically, any pre-election uncertainty that had an impact on your results?

And if you could comment a bit on your backlog for the U.S. and what you have today compared to 4Q, I think that would really help us understand the dynamics of the region, thank you very much.

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

Hi, Lucas, good morning, this is Salgueiro speaking. Ok, margins. I think André did, I think, answer very well the reasons and movements for the margin of 4Q being lower than 3Q. So, you have the effects that we mentioned: the PPA and the mix effect that is very much connected to the resumption of solar projects. And when you see different products in the sales mix, you have an impact on the cost structure and the company's gross margin. So, I think this is the main effect.

Now when you think of price variations of the main inputs, we did have important fluctuation in copper, but more year-on-year; quarter-on-quarter, the movement was less relevant. What was relevant in the quarter was the exchange rate.

As for passing on prices, I think that we work to try and passing on costs regularly to the market. Especially with short-cycle products, we have price lists and we try to adjust them at least once a year - and remember that we did say that in 3Q, for some equipment, some products like motors and paints, we had already had an adjustment in the end of 3Q, beginning of 1Q24; and other product lines we adjusted prices in the beginning of the year, especially automation. So, I would say that we did adjust prices recently, and obviously, we are following fluctuations to see if we need to make further adjustments.

As for the U.S., T&D continues, as André mentioned in the previous answer, quite positive. We might eventually have, because of the nature of the business, some fluctuation, especially because of the concentration of project deliveries, depending on the project, when the project is being delivered.

And in short cycle, I would say that we are with low growth compared to historic levels. I think here we do see some uncertainties about economic activity, the election itself, but I think the expectation for 25 is to pick up this and grow in the U.S., especially in short-cycle products: motors, automation, gearboxes, everything that we have in our portfolio in the American market.

Mr. Lucas Laghi - XP

Very clear, thank you very much, André, have a good day.

Operator

Our next question comes from Daniel Gasparete from Itaú BBA. Daniel?

Mr. Daniel Gasparete – Itaú BBA

Good morning, thanks for the call. I have two questions as well, the first is to try to understand the Regal effect. We saw a drop in demand, about 20%, so I would like to understand the dynamics behind price volumes and if that changes your margin expectation for that, so to try and understand the behavior for the short term, if it's now down, but it will pick up.

And second question, I understand the behavior of centralized solar projects. Salgueiro mentioned that you have visibility until the end of the half year, but how do you see the demand for this segment specifically? Are there orders being placed? We thought that was going to weaken as a segment, but as you mentioned on WEG Day, it is growing. So just for us to know where it's going to when we consider 25 and 26.

Mr. André Luís Rodrigues – Chief Financial Officer

I'm going to answer the first part, Daniel, and then Salgueiro is going to talk about centralized generation. When we talk about Regal and the variation that we have from quarter to quarter in terms of revenues, I think Salgueiro answered part of that in the previous questions, when he talked about the dynamics of the U.S. We did feel a less heated demand, especially in the last quarter, reflecting the numbers of WEG and the industry peers.

And also, when we have a change in control, you somehow expect some kind of movement because of the change - and in this case, I'm talking about the acquisition. So, we are adjusting our sales strategy, reinforcing our positioning, especially with new clients. Together with the acquisition, we got a team of Marathon sales reps that are very experienced, that have very good relationship with local customers and that are going to be very important for the recovery project, so I think it is within this context.

It's an accommodation of the quarter, but it's also part of the context of integration where we're revisiting brand positioning, product positioning. So, it's natural in the short time to feel some of that.

On the other hand, we cannot forget, remember, on WEG Day, when João Paulo talked about demand and generators, WEG is making investments to increase our capacity of generators to meet the strong American demand.

And as for GC, we indeed were able to build a very important order book. When I mentioned in the previous answer, one of the projects we did announce to the market last year, and we are delivering it today, but we have some next.

So, we have a very good visibility for this business along 1H, perhaps the beginning of 2HTY, and the sales team is working, so eventually, we can have new orders for our backlog for 2HTY. Remember, when I talk about this area, we are talking about long cycle - but they are not that long; we work with them between 6 to 8 months from the moment the order is placed and we deliver the project. So, if we have some orders in the coming months, we will have time to deliver in the year of 25.

Mr. Daniel Gasparete – Itaú BBA

Very good, thank you very much, have a good day.

Operator

Our next question comes from Andre Mazini from Citi. You may go on.

Mr. Andre Mazini - Citibank

Hi, Rodrigues, Salgueiro, thanks for your call. I have two questions, one about storage, if you could give us an update on energy storage auctions for 25; and if in the future, the storage area can be as important as generation, transmission and distribution. So, it would be GTD as storage, so as important as the other three.

And in terms of generators, the spot price now seems high, so my question is when this high spot price is going to hit margins? And does it make sense to focus on transformers that have shorter deliveries to benefit from these high prices?

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

Hi, Mazini, good morning, thanks for your questions. This is, new storage is something that we have been investing, we have had important R&D projects in Brazil and in the U.S. As the potential of this Market, we do believe in its development in the mid and long term. So yes, we do see a possibility for it to be an important market in the future, within some years - but we do have to see a more structured demand, a more recurrent demand.

And a way for this to happen is through energy reserve auctions, where the government itself has been already discussing, saying that we are going to have something for the auction this year - but we do not have anything that is clear in terms of rules, size, volumes, data. So I think that that would be very positive for the development of the segment, but we have been working in all other fronts as well. So we are developing the technology and preparing ourselves to address the market when opportunities come.

Mr. André Luís Rodrigues – Chief Financial Officer

And André, talking about transformers I think it's very important to say that along last years, WEG has been investing heavily to more and more offer a complete portfolio of products to our customers. As we can see now, this is a very good time for the demand of transformers that leads to better prices and margins, but it's not our strategy to focus on one product with better margins, but rather gain market share and more and more offer a broader portfolio of products to our customers.

Some years ago, we had the acquisition of Rotor. That is a very specific transformer that is completely different from the regular transformers that we see installed, but this is a market that has lots of opportunities to WEG. This company worked providing to the domestic market, but it had no capacity, and WEG just announced that it's going to double its capacity for us to also start operating in the international market. So, our strategy is to develop a broader and broader portfolio to work with operating issues to deliver healthy margins.

Mr. Andre Mazini - Citibank

Thank you very much.

Operator

Our next question comes from Victor Mizusaki from Bradesco BBI.

Mr. Victor Mizusaki - Bradesco BBI

Hello, good morning, congratulations on your results. We have a question with regard to the beginning of 25. You did already talk about that, but thinking in the short term, if you could talk about commercial motors and appliances orders for the market.

And also in the United States, if you could give us some color in terms of orders for transformers, end of January and February, and how we can interpret your backlog for the American market. So how long is your backlog there? Thank you.

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

Hi, Victor, good morning. Well, new orders as a whole, nothing, no major changes. Short cycle, because of its nature and because it's shorter time, we might see more fluctuations; commercial motors and appliances, as you mentioned, 4Q had good growth, but it was smaller than what we were delivering in previous quarters. So again, it is a natural fluctuation, but as a whole, short-cycle products and long-cycle products are not really different from what we had in 4Q.

By geography, you can have some changes. We have been talking about Europe for some time, and it's showing some signs of deceleration, but other than Europe, I would say that the remainder of the business continues more or less similar to what we saw last year.

Specifically talking about T&D in the U.S., which was the second part of your question, this is a very heated market, as André mentioned in a previous answer. The backlog is relatively long - I would even say longer than usual - so I would say that we have basically the backlog completed for this year, and already part of next year already guaranteed.

And demand continues heated given the restrictions of capacity of the market to meet demand. This is a movement that continues to show, and that's why we announced all the investments that we announced along last year with the objective of increasing production capacity; and then you have investments in T&D happening practically in all geographies, the most important of which in Mexico, for us to meet the demand of North America.

Mr. Victor Mizusaki - Bradesco BBI

Very good, thank you.

Operator

Our next question comes from Marcelo Motta from JP Morgan.

Mr. Marcelo Motta - JP Morgan

Thanks for taking my questions. First, if you could give a bit more color on industrial equipment in the domestic market. It was the largest percentage growth that we saw in the last six, seven quarters, so if it was seasonal or if we should expect this higher level vis-à-vis the situation of the country not being at its best performance.

And then Mexico. This is the largest plant that you have other than Brazil, lots of expansion, but tariffs are being discussed, we never know when they're going to be implemented. Does that create a pressure? Should Mexico be your second largest production plant? How are you thinking of investments for the future? So, these two questions.

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

Hi, Motta, good morning. As for your first question, indeed, the performance in Brazil for 4Q quarter in electric-electronic industrial equipment was very positive: growth of 14.3%. And what we see is good demand for short-cycle, industrial motors, gearboxes, automation, everything performing relatively well.

What's important to say, and I did mention that in an answer before: prices, we did have an adjustment for the motor business in the end of 3QLY, so we do have this component that helps us with results; but also we have long-cycle projects that are performing very well: medium/high-voltage motors, automations, mainly connected to the commodities industry (oil and gas, mining and even water and sanitation).

And just to close, I would say that part of the new businesses is here, so electric mobility, recharge stations, powertrain, developments that we are having in terms of batteries are here, and these businesses are showing good growth and they make up the better performance that we saw in 4Q.

Mr. André Luís Rodrigues – Chief Financial Officer

As for Mexico, Motta, we are at a time that we still lack a lot of information. It's very hard to have a position with so much uncertainty going on, but clearly WEG in Mexico is important... that is Mexico is important for WEG, not only for exports and also the local market.

So, no change in position with regards to Mexico, the investments announced will go on. I think we've already seen times that you can have higher taxation, then there are adjustments to be made. So now we do not have enough information that would justify a change in our positioning.

So, investments in Mexico, the new transformer plants, liquid paints, gearboxes, verticalization - this is all extremely positive when you think of the assets we have in Monterrey and even in the U.S. So, for now, nothing changes in terms of our positioning towards Mexico.

Mr. Marcelo Motta - JP Morgan

Ok, thank you very much.

Operator

Our next question comes from Alberto Valerio from UBS.

Mr. Alberto Valerio – UBS

Rodrigues, Salgueiro thanks for taking my question, it's a follow-up on Motta's questions. We have two-thirds of 1Q; any deceleration you are noticing in the Brazilian market? We hear that GDP may be holding things back.

And also, the U.S. you had an annual result that was very good, but quarter-on-quarter our expectations were a bit frustrated compared to industrial motors and automation in the domestic market. Anything in 4Q that can tell us that we are going to have a better result for the future?

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

Hi, Alberto, good morning. As for the dynamics for the beginning of the year, as I mentioned before, no changes. So far, orders are being placed for the short cycle, for the long cycle, following more or less the same trend we saw in the past.

As for the U.S., we already talked about some factors for the results this quarter, but what happens, again, specifically for 4Q, was that the demand for short-cycle products did show a deceleration - I don't even call it an impact - but probably a result or a consequence of the elections and a bit more uncertainty.

And T&D continues very positive, continues very good, and eventually we can have fluctuations quarter on quarter depending on deliveries, and especially the type of project that is being delivered in that quarter. So basically, these two factors.

No major concern for the U.S. I think it's a very important market - the company's largest market outside of Brazil - and expectations for 25 are very positive. So, T&D should continue growing at a positive pace and do we expect a pickup of short-cycle products for this year

Mr. Alberto Valerio – UBS

Ok, thank you very much.

Operator

We are now closing our Q&A session. I'd like to turn the call back to André Rodrigues for his final considerations.

Mr. André Luís Rodrigues – Chief Financial Officer

Well, once again I'd like to thank you all for attending and I wish you an excellent day, thank you very much.

Operator

WEG's conference call is now closed. We thank you very much for joining us and wish you a good day.