

WEG DAY 2020



Disclaimer

WEG DAY
2020

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 statements.

FINANCIAL PERFORMANCE



André Luís Rodrigues

WEG DAY
2020

WEG is a Global Company

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



ISEB3



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2020



+10.8 mi ft²

Largest manufacturing site for
low voltage electric motors in
the world



70,000

Motors produced
per day



+32,400

Employees globally



+3,600

Engineers

R\$
13 Bi

Net Revenue
(2019)

50%

Of the products sold
were released in the last
5 years

[B]³WEGE3

OTCPink
WEGZY
Stock Exchange

R\$
159 Bi

Market Cap
(October 2020)

Sales to

+135

countries

45

Manufacturing sites in
12 countries and
4 continents

Distributors/Agents in

+120

countries

WEG BUSINESS REVENUE

WEG DAY
2020

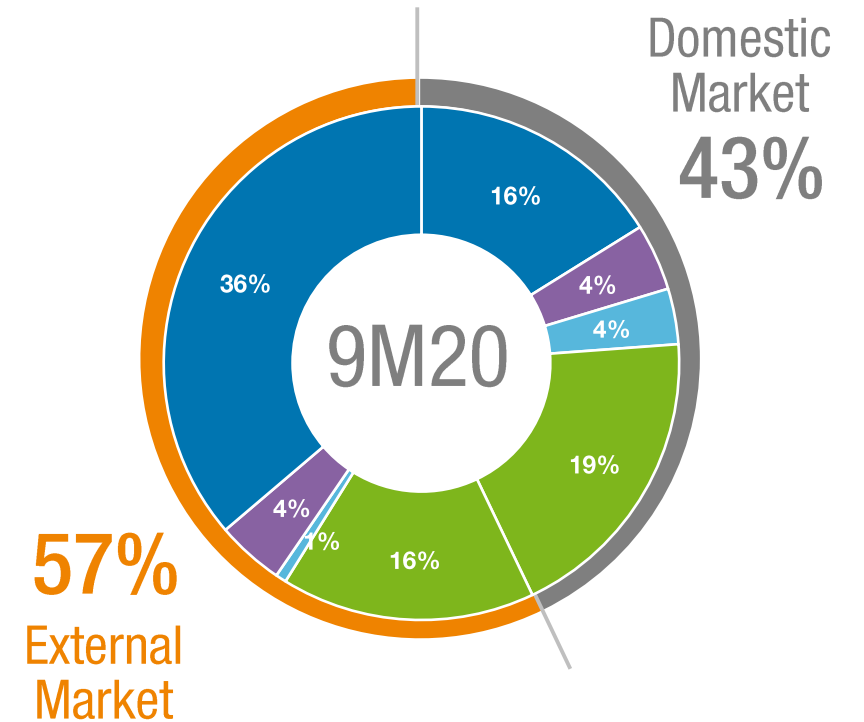
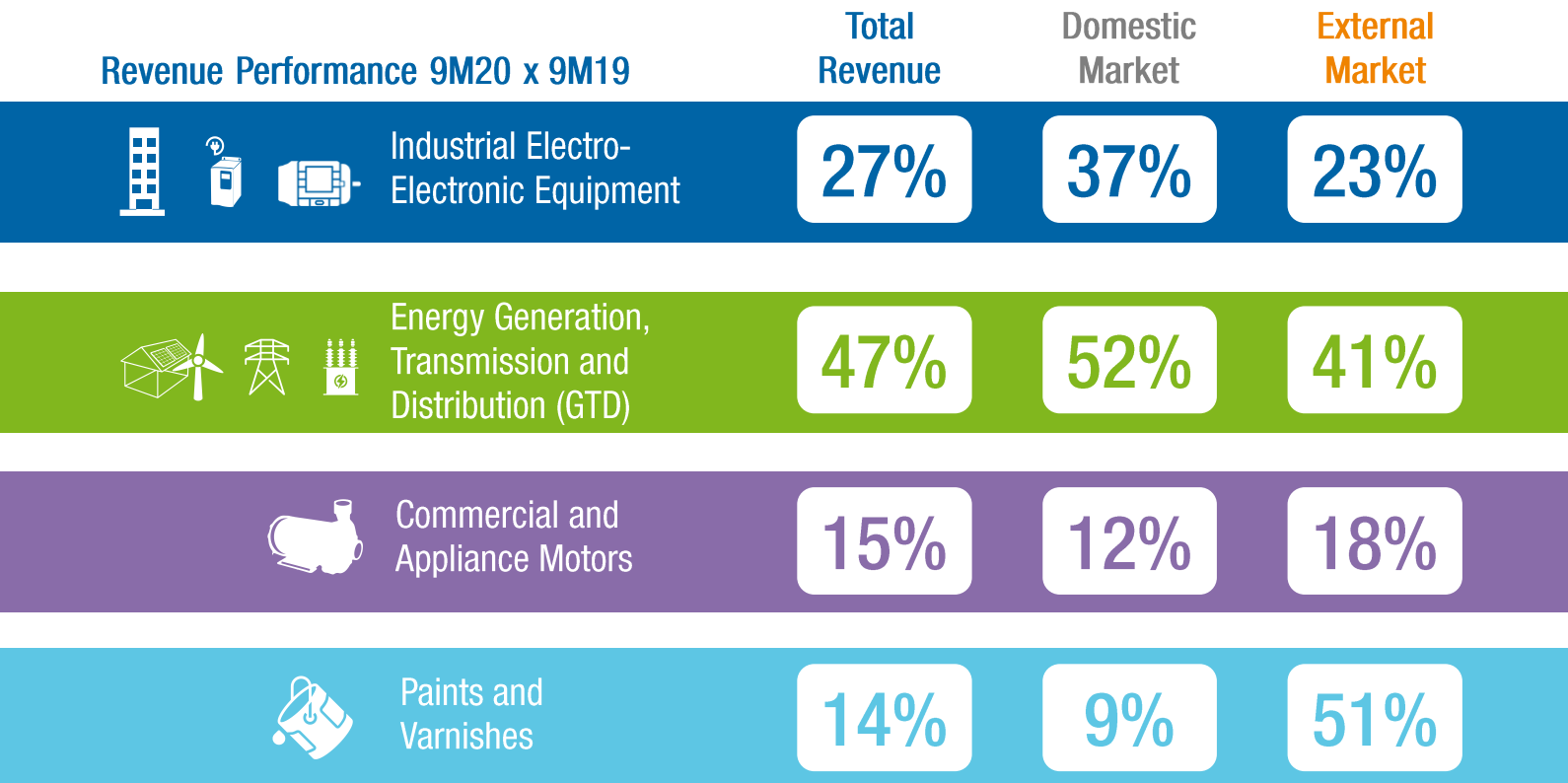


WEG Business

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Diversified product portfolio allows for strong growth across different market cycles

Revenue Performance 9M20 x 9M19

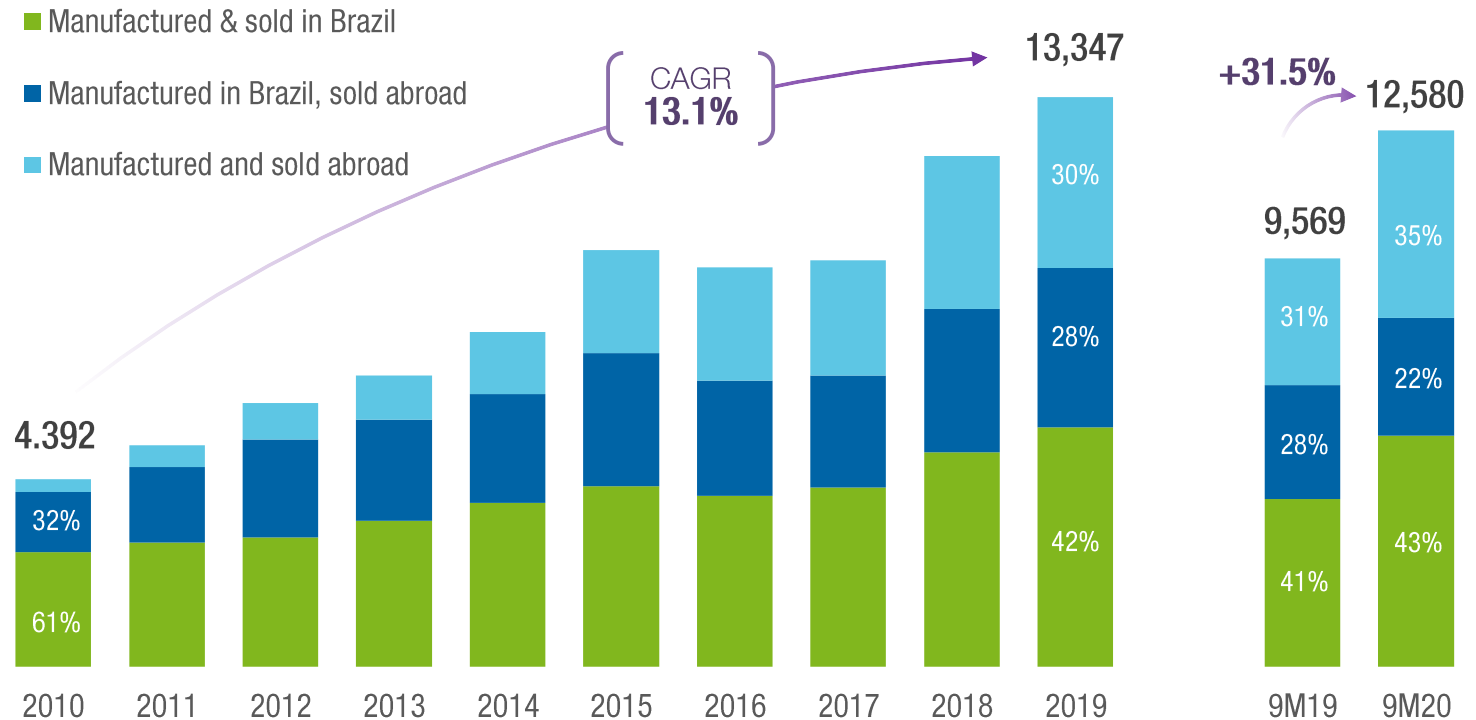


SOLID GROWTH TRACK RECORD

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



Net Operating Revenues (R\$ million)



Revenue EXTERNAL MARKET in 9M20

US\$ 1.4
billion

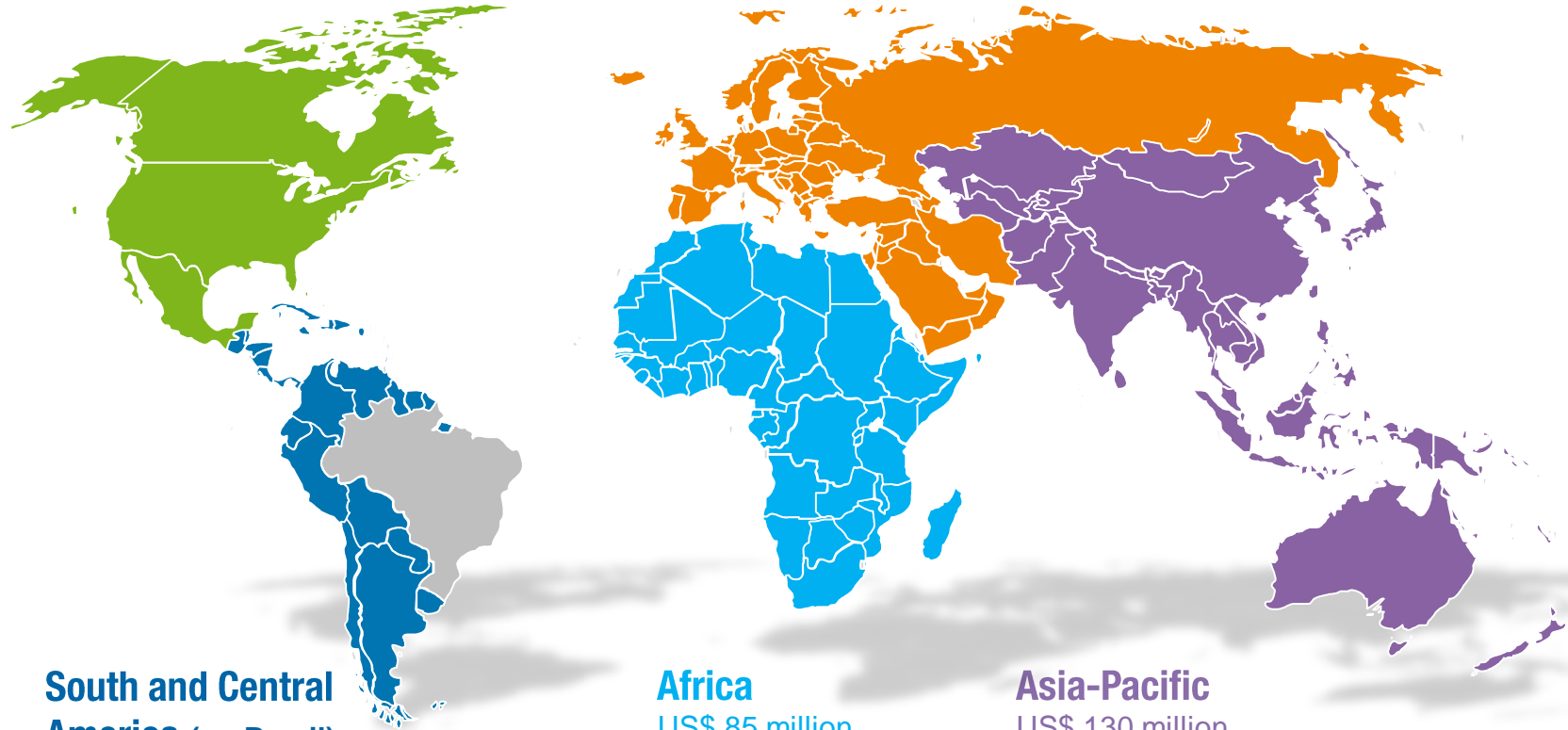
North America
US\$ 651 million
46%

Europe
US\$ 408 million
29%

**South and Central
America (ex-Brazil)**
US\$ 139 million
10%

Africa
US\$ 85 million
6%

Asia-Pacific
US\$ 130 million
9%



NORTH America



46%

US\$ 651
million

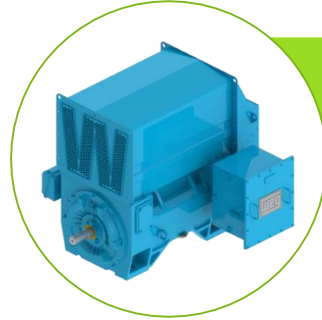
North America Market Potential

Considering
WEG's product
scope



Low Voltage Motors

Market Size: \$2.2B
WEG's Share: 15%



Medium Voltage Motors

Market Size: \$1.0B
WEG's Share: 10%



Commercial Motors

Market Size: \$0.8B
WEG's Share: 11%



Drives (LV & MV)

Market Size: \$4.3B
WEG's Share: <1%



Distribution Transformers

Market Size: \$1.5B
WEG's Share: 7%

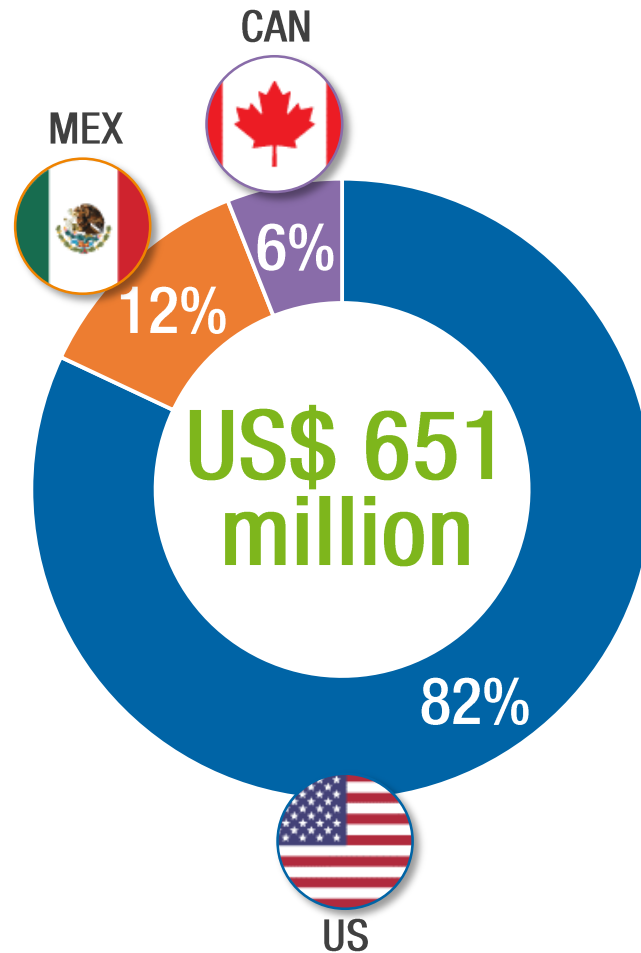


Power Transformers

Market Size: \$2.7B
WEG's Share: 4%

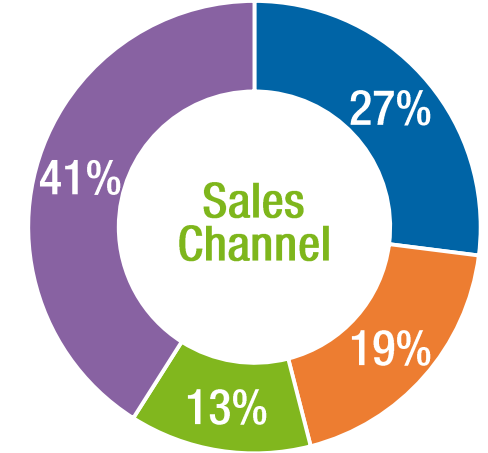
North America Revenue by Country

9M20



OEMs
Ventilation
Pumps
Compressors

Distribution
Inventory and
Services



Infrastructure
Renewable Energy

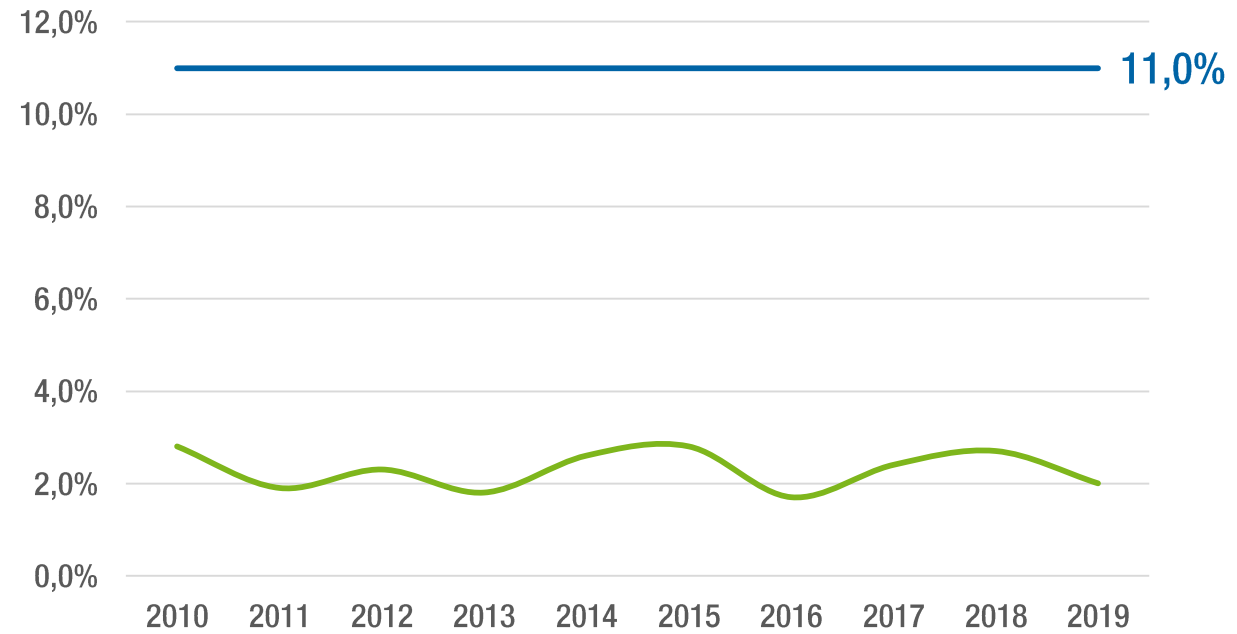
End Users
Oil & Gas
Pulp & Paper
Utilities

Annual Growth Rates

North America



WEG (CAGR) vs GDP (%)



WEG DAY
2020

North America Key Messages

- US Industrial Production anticipated to **continue growth**
- Transformers to **gain share** in traditional utility markets, industrial markets and renewable energy market
- LV and MV motors to **experience steady growth** through expansion of efforts with end-user
- Increased market share in commercial motors
- Automation to continue with **above average growth**

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Europe and Middle EAST



29%

US\$ 408
million

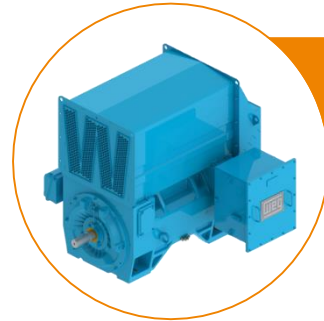
Europe and Middle East Market Potential

Considering
WEG's product
scope



Low Voltage Motors

Market Size: **\$3.5B**
WEG's Share: **8%**



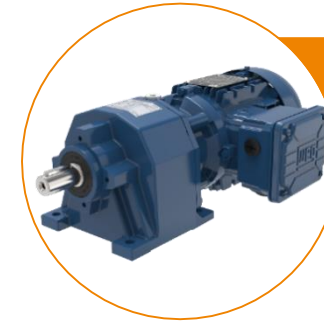
Medium Voltage Motors

Market Size: **\$1.1B**
WEG's Share: **5%**



Drives (LV & MV)

Market Size: **\$4.0B**
WEG's Share: **1%**

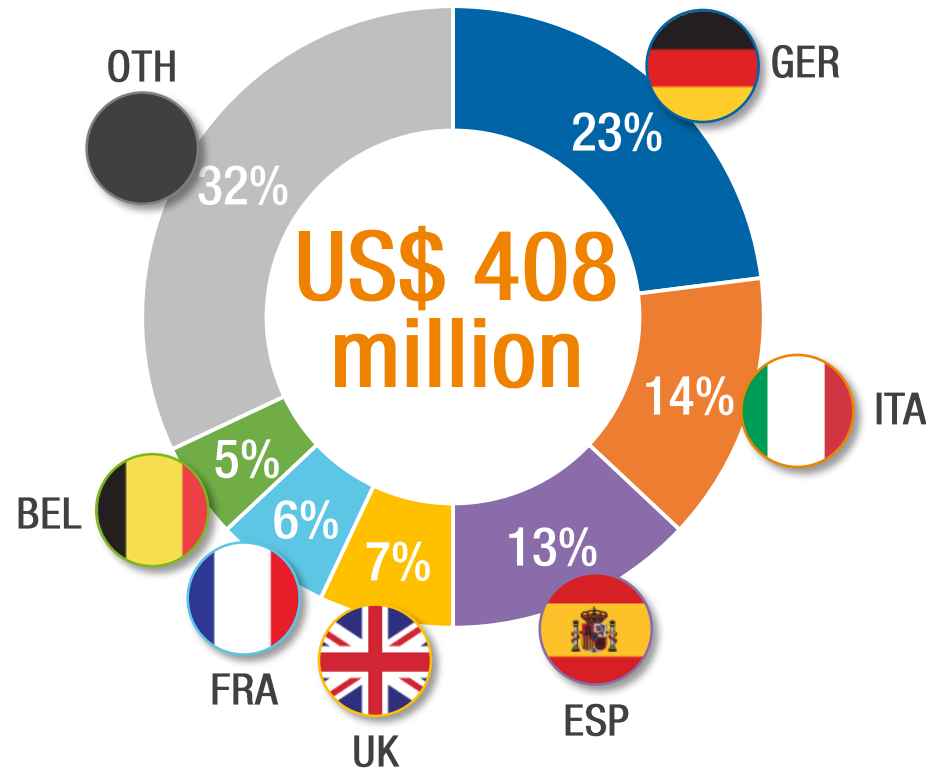


Gearing

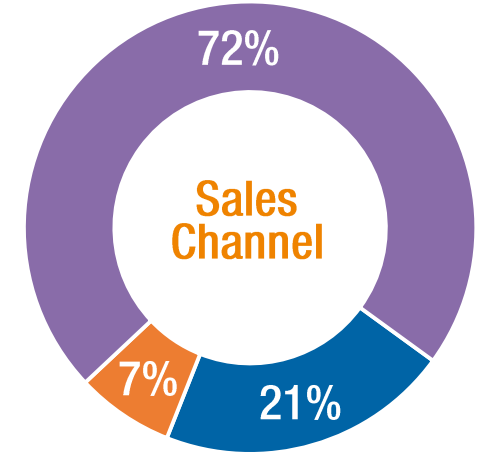
Market Size: **\$3.6B**
WEG's Share: **1%**

Europe and Middle East Revenue by Country

9M20



OEMs
Ventilation
Pumps
Compressors



End Users
Oil & Gas
Pulp & Paper
Utilities

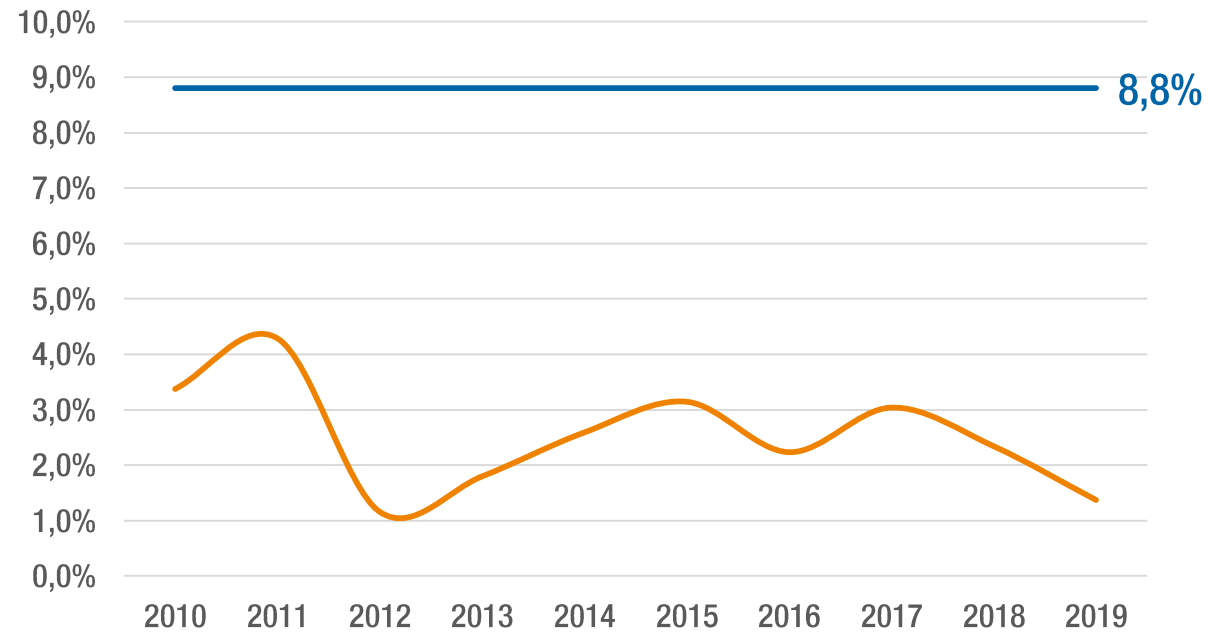
Distribution
Inventory
Services

Annual Growth Rates

Europe and Middle East



WEG (CAGR) vs GDP (%)



Source: IMF, WEG

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Europe and Middle East

Key Messages

- Focus on **expanding customer base and new products**
- Opportunities to gain market share in key countries
- **LV and MV motors to experience steady growth** through expansion of efforts with end-user
- **New opportunities in desalination projects in the Middle East with European EPC's**

Asia-Pacific



9%

US\$ 130
million

Asia-Pacific Market Potential

Considering
WEG's product
scope



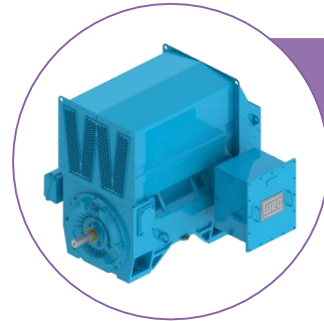
Low Voltage Motors

Market Size: \$5.1B
WEG's Share: 2%



Drives (LV & MV)

Market Size: \$5.9B
WEG's Share: <1%



Medium Voltage Motors

Market Size: \$2.4B
WEG's Share: 2%

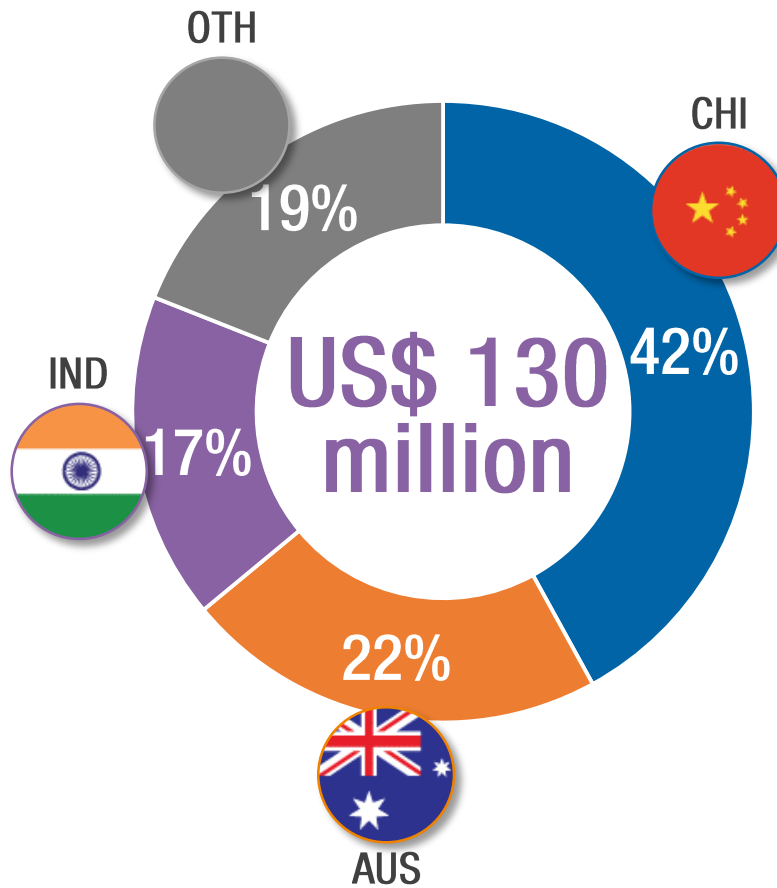


Gearing

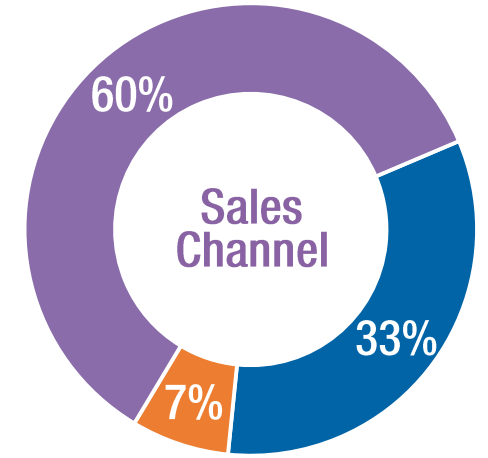
Market Size: \$5.3B
WEG's Share: <1%

Asia-Pacific Revenue by Country

9M20



OEMs
Ventilation
Pumps
Compressors



End Users
Oil & Gas
Mining
Cement

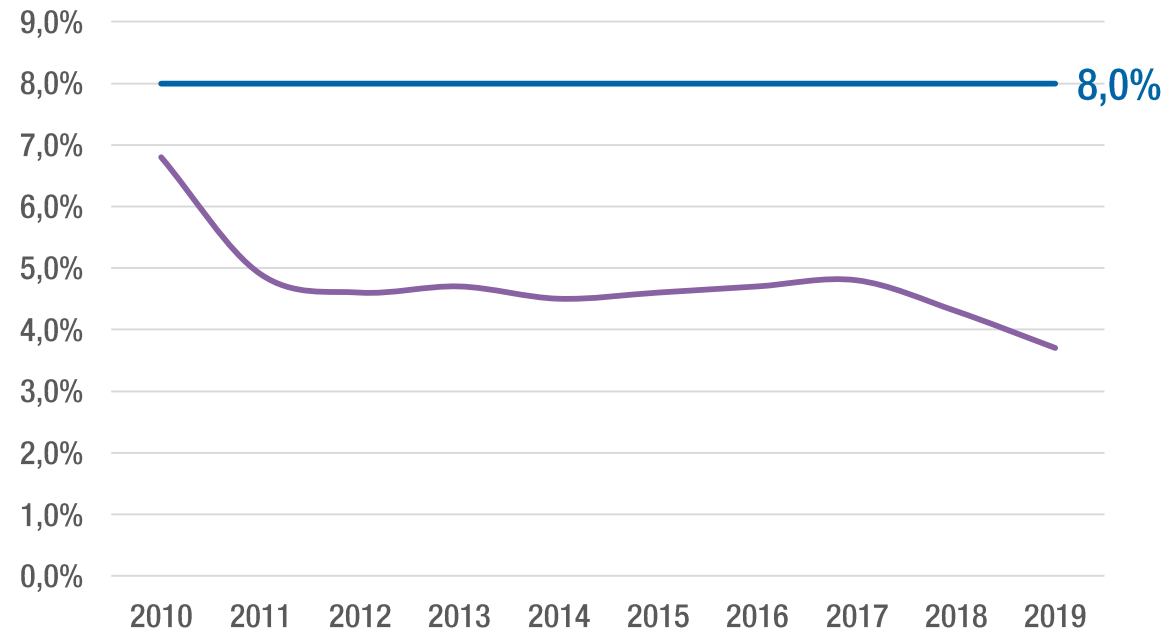
Distribution
Inventory
Services

Annual Growth Rates

Asia-Pacific



WEG (CAGR) vs GDP (%)



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Asia-Pacific Key Messages

- Focus on **expanding customer base, new products and gain market share**
- **LV motors to experience steady growth through, supported by the new operation in Rugao**
- **Expand sales of medium voltage motors**
- **Increase the automation products portfolio produced in China**
- **Start the production of low voltage electric motors and wind turbines in India**

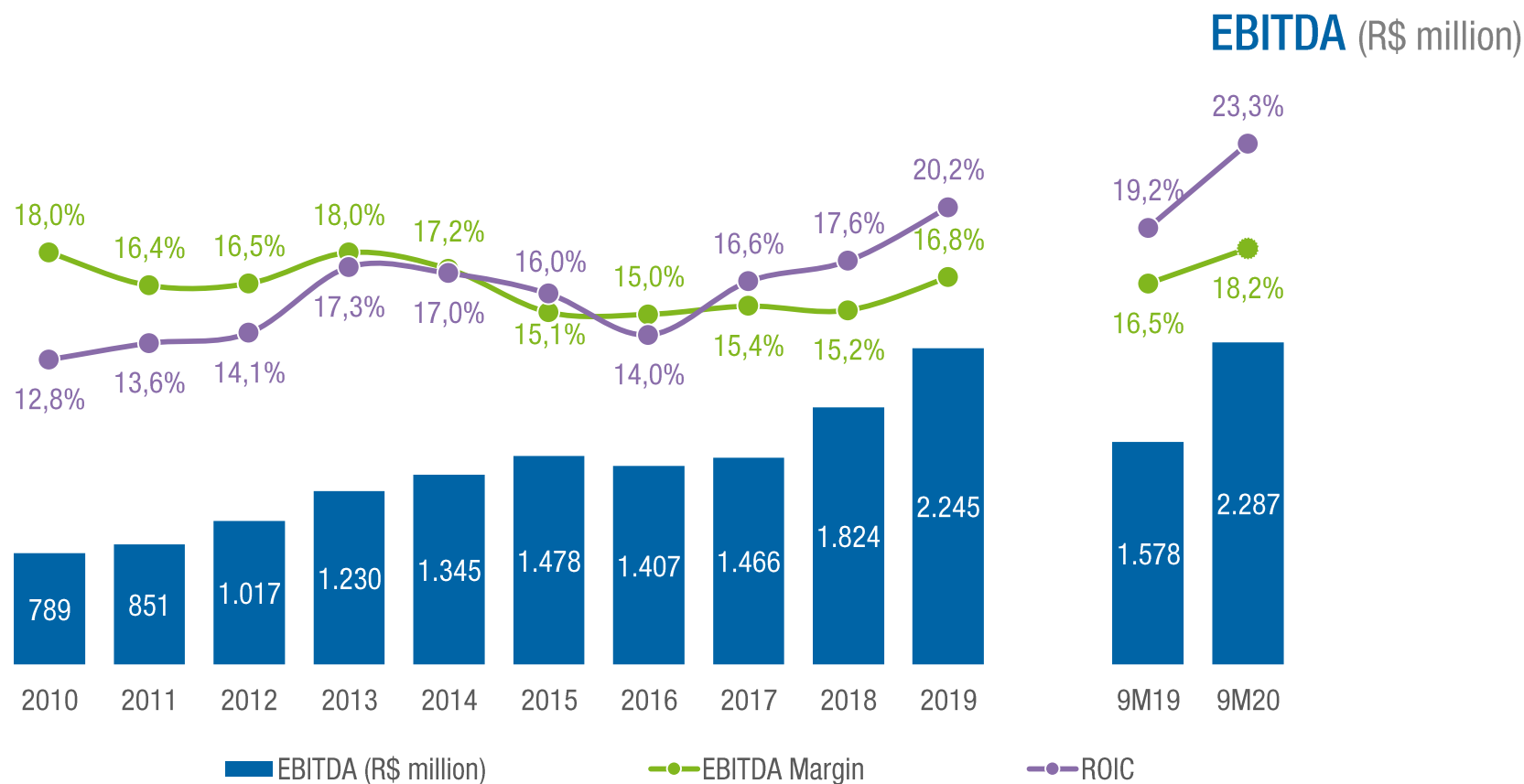
PROFITABILITY



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STRONG OPERATING RETURNS AND DISCIPLINED CAPITAL ALLOCATION

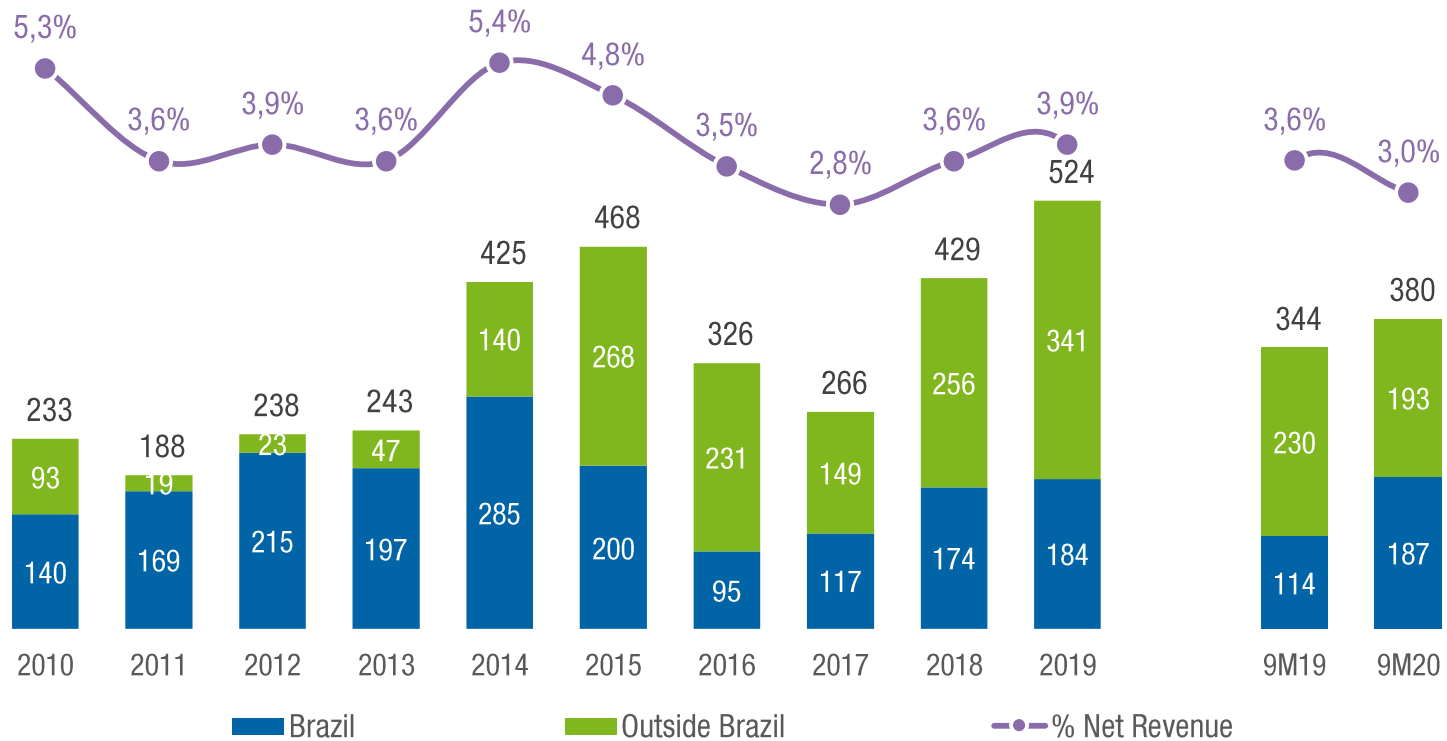
Resulting in stable above average ROIC over time



INVESTMENTS

Focused on increasing production capacity outside Brazil in recent years

By Region (R\$ million)

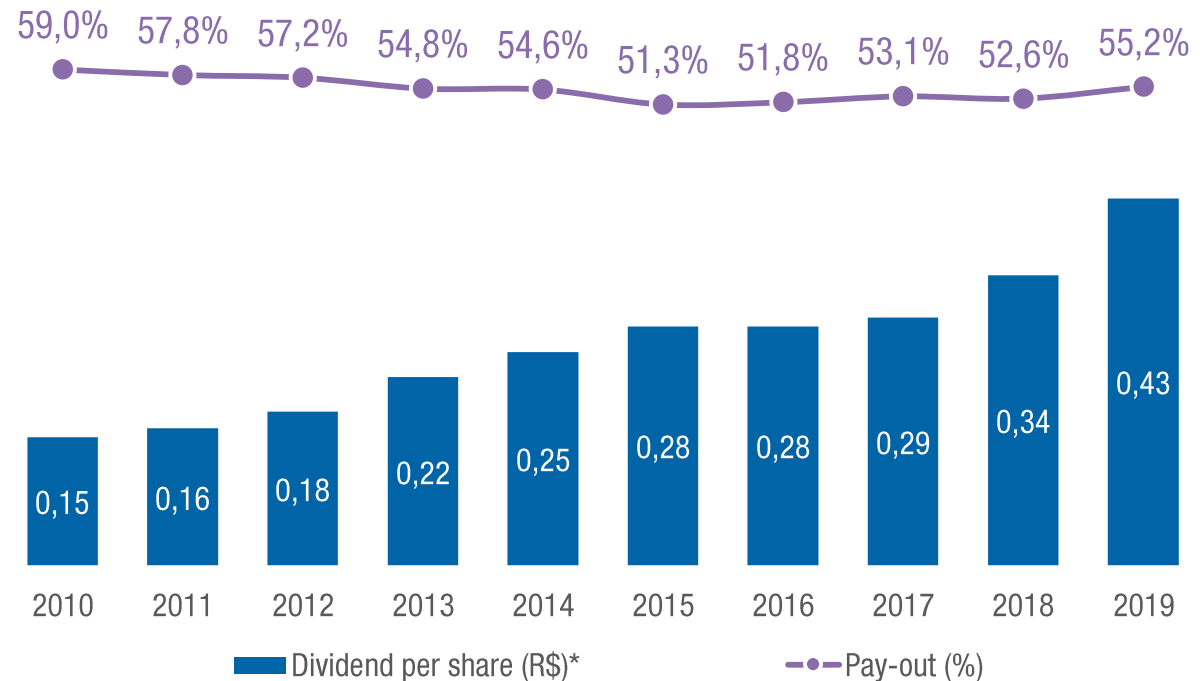


ROBUST DIVIDEND FLOW

Payout average 55% in the last 10 years



DIVIDENDS PER SHARE (R\$)



*Dividends + Interest on Stockholders Equity (JCP)

CONSISTENT PERFORMANCE OF WEGE3

Return above industry average




ISEB3

MEMBER OF
Dow Jones
Sustainability Indices
In collaboration with SAM

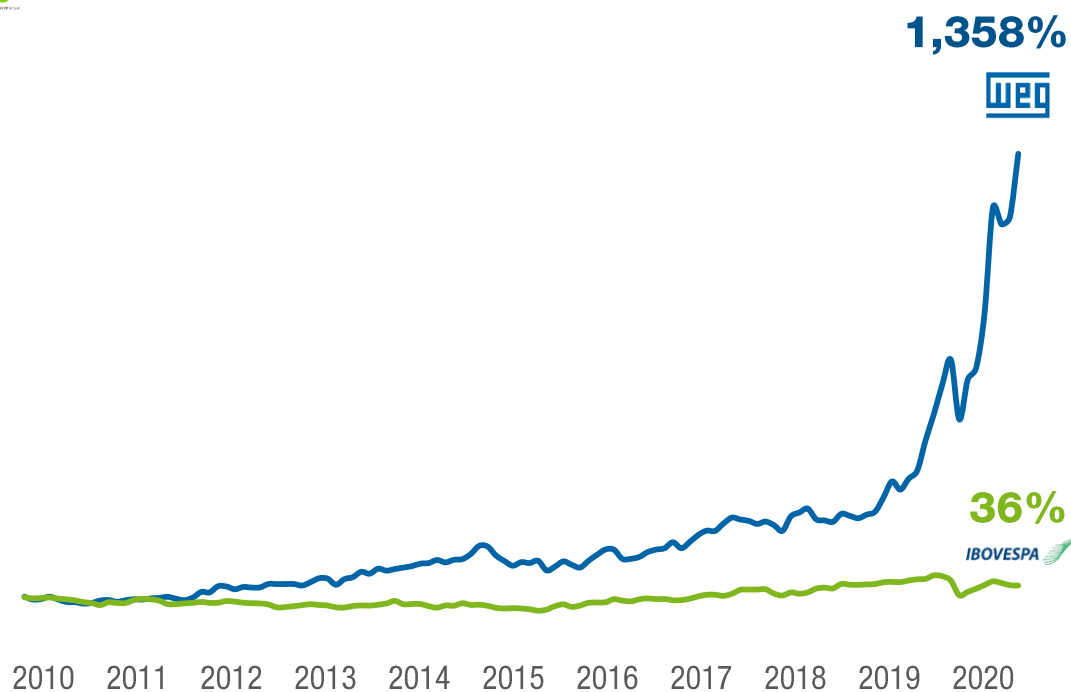
MSCI 2018 Constituent
MSCI ESG
Leaders Indexes


+276k
shareholders

+146k
added in
2020


324
R\$ million
Average daily
volume in 2020

+338%
vs. 2019



KEY MESSAGES



International expansion opportunities

Healthy EBITDA margin and ROIC

Return above industry average for our shareholders



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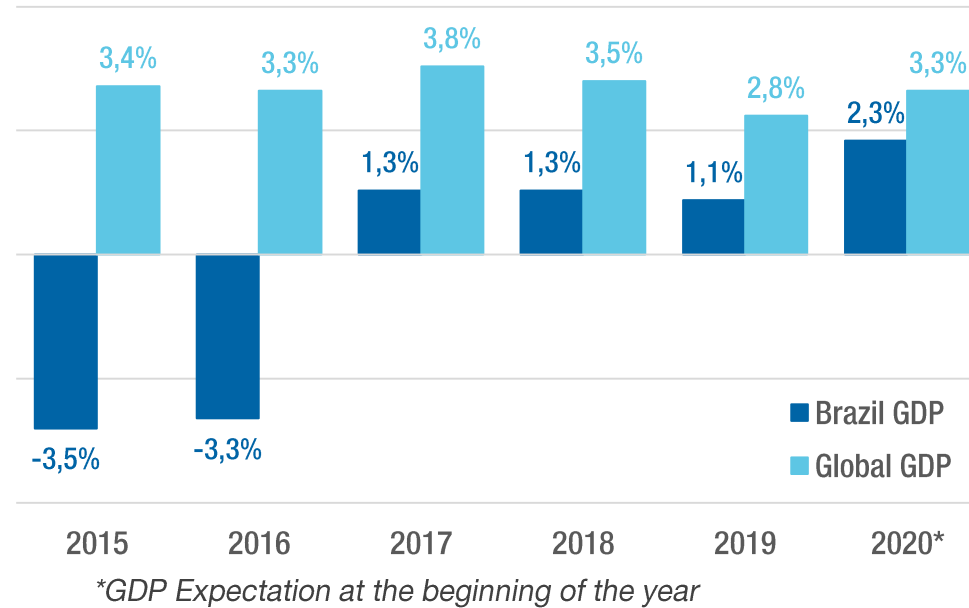
Harry Schmelzer Jr.

2020 Outlook

2020 started with positive expectations

In Brazil, low interest rates and inflation signaled resumed investments, as optimistic projections for GDP growth, after years of low growth

Global and Brazil GDP Expectations



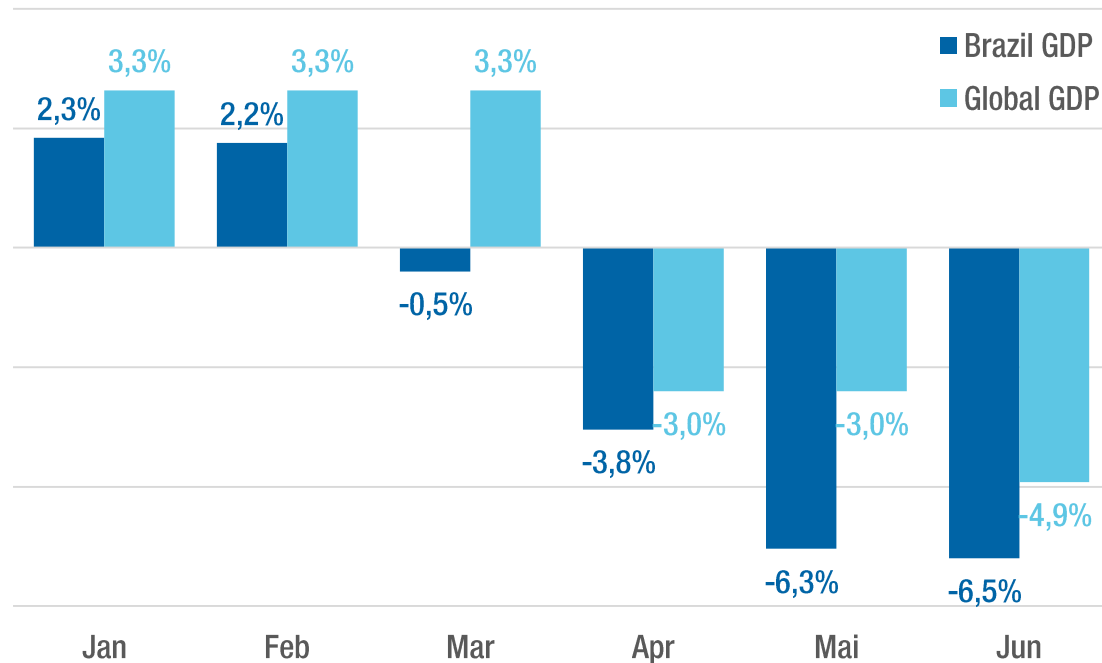
In the external market, the scenario was also positive, despite the impact of the trade war and signs of a slowdown in global growth

Complementing this scenario, **the robust long-cycle backlog that was built throughout 2019**, signaled a positive year for WEG

COVID-19

Optimistic outlook changed with the pandemic

GDP 2020 expectation after the pandemic



Agile operational adjustments to preserve our employees and our business



Adoption of protective and social distance measures to preserve the health of our employees and other stakeholders



Adoption of furlough, bank of hours and working from home for job preservation



Adapting our factory for respiratory ventilators production and alcohol gel sanitizer



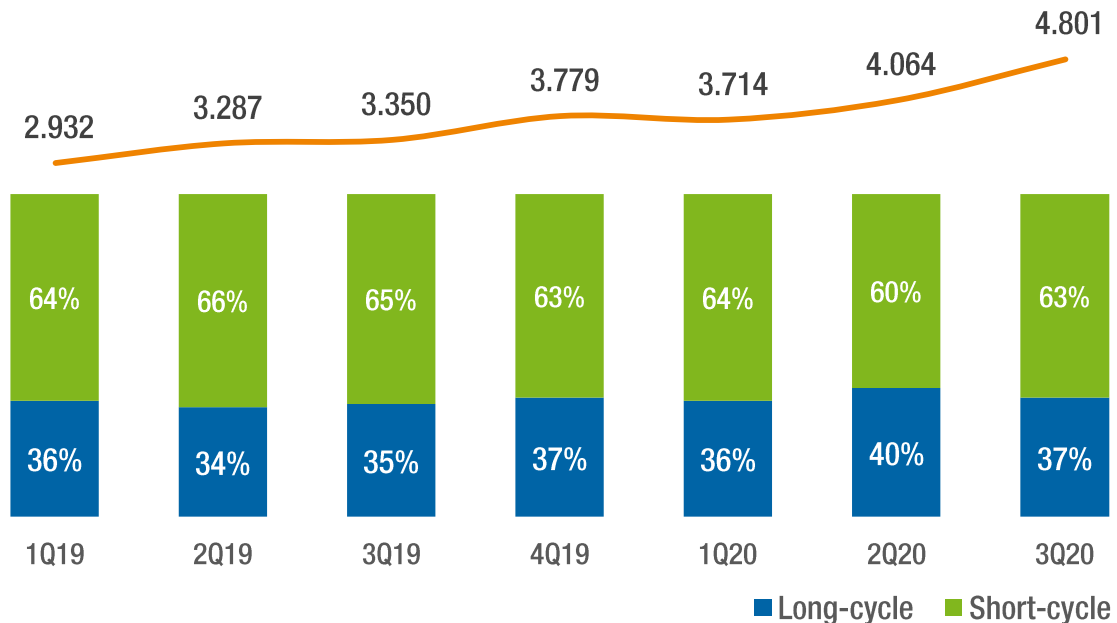
Actions to preserve cash and simulate stress scenarios

DIVERSIFICATION

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Our diversified business model proved to be positive during the crisis

Net Operating Revenues (R\$ million)

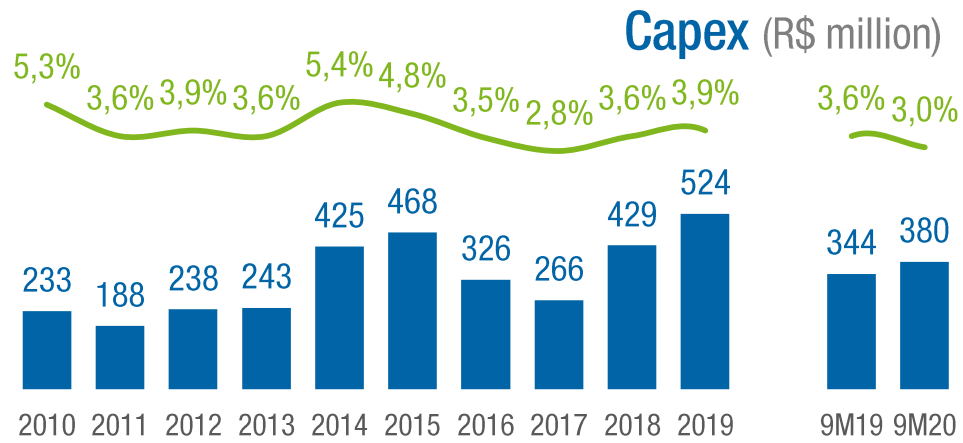


Long-cycle projects were important for us to navigate the crisis with diminished impact

Diversification supports sustainable business in the long term

INVESTMENTS

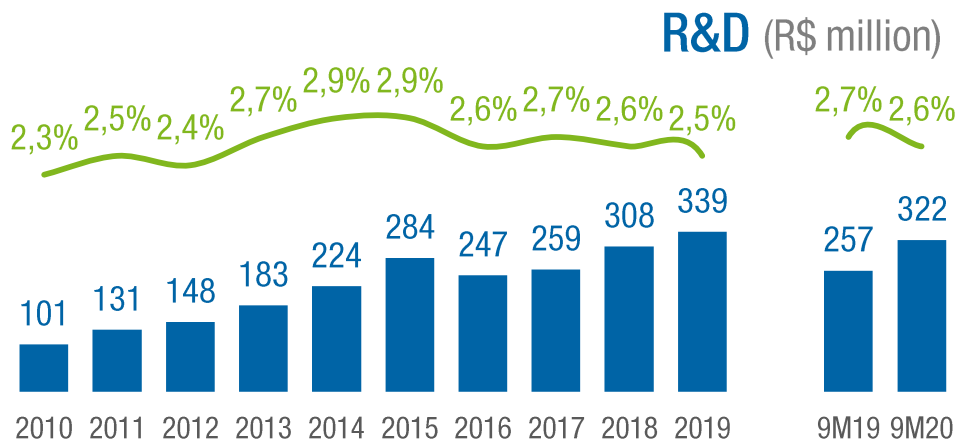
We continued investing during the pandemic



Electric Motor Plant



New Wind Turbine



GROWTH AVENUES

Growth
opportunities
based on 3 pillars

International Expansion

We will continue to expand into new regions, with recent examples:

- Industrial motor plant in China
- Transformer plant in US
- Industrial motor plant in India

New Businesses

We will continue to expand the product portfolio focused on the strengths of WEG and following major trends such as:

- Energy Efficiency
- Renewable Energy
- Energy Storage
- Electric Mobility
- Digital Business

Core Business Growth

Our products/markets enjoy fairly healthy organic growth trends

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NEW BUSINESSES

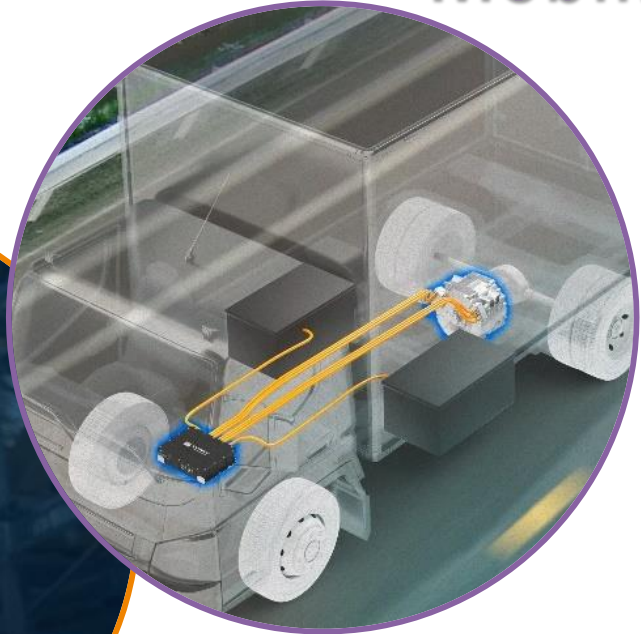
NEW BUSINESSES

IN DEVELOPMENT

Renewable Energy



Electric Mobility



Digital Business

Renewable Energy

Energy Sources

Solar



Wind



Water
(SHP and MHP)



Thermal
(Biomass and MSW)



Battery Energy Storage System



Electric Mobility



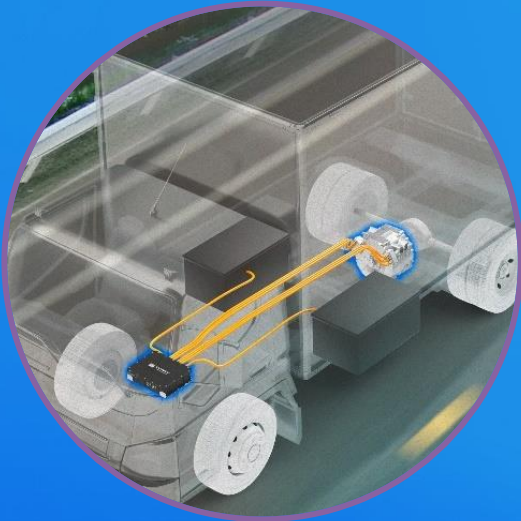
Truck



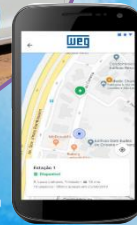
Trailer



Bus



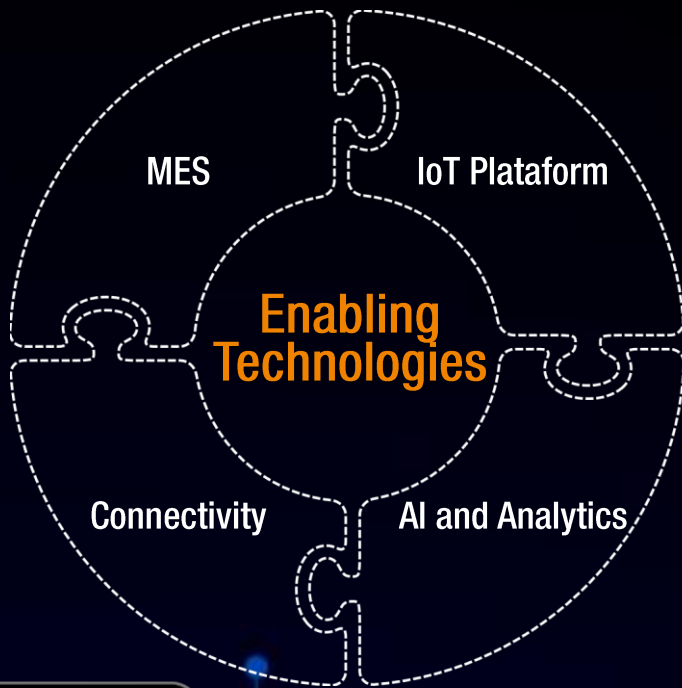
Recharging Stations



Electric PowerTrain

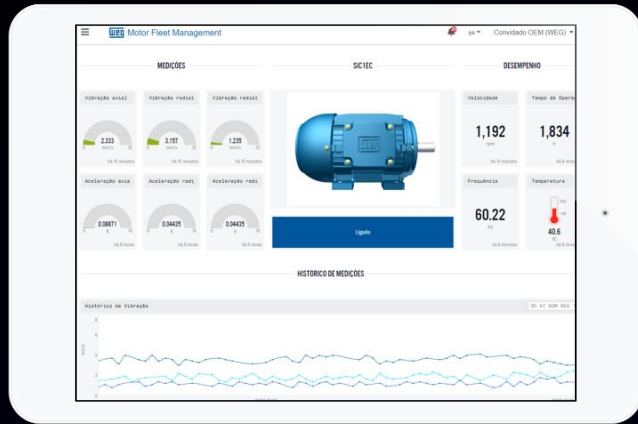
Digital Business

IoT Plataform, Connectivity, Artificial Intelligence and **Softwares** for Industry 4.0



Digital Business

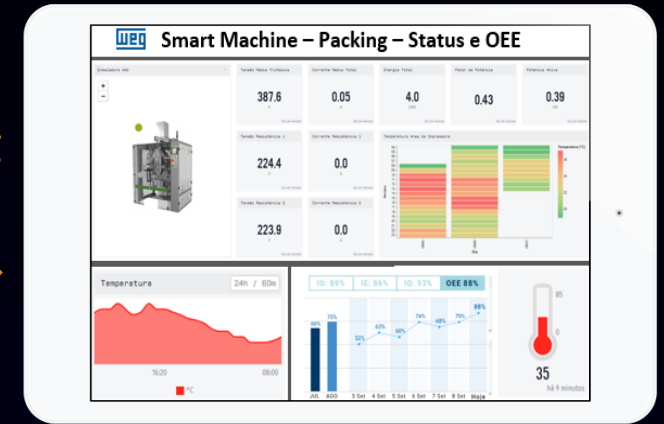
Asset Management WEGnology



Motor Fleet Management



WEG Smart Machine



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INTERNATIONAL EXPANSION

INTERNATIONAL EXPANSION

Markets and factories of motors and drives will demand accelerated investments in productivity gains and sales force

Factories abroad such as Mexico, China and India should have more representation in the WEG's production and performance gains each year

**Expansion of Electric
motors factory
in China**



INTERNATIONAL EXPANSION

2020
Projects



Desalination plant
in Saudi Arabia



Water supply system
in Spain



Refinery
Oman



Mine
in Canada



Irrigation project
in India



Desalination plant
in Chile



Desalination plant
in Tunisia



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CORE GROWTH



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Legal framework for Sanitation in Brazil

Power Transmission Auctions

Energy Efficiency

Opportunities to
continue
expanding WEG's
mature businesses



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Product Portfolio



Electric
Mobility



Energy
Efficiency



Industry
4.0



Renewable
Energy

22% of
NOR in
09M20

SUSTAINABILITY / ESG

Sustainable Development Goals (SDG)



WEG é uma signatária voluntária dos Objetivos do Desenvolvimento Sustentável (ODS) das Nações Unidas. Os ODS estão desdobrados em 17 objetivos dos quais 8 estão ligados aos aspectos materiais do nosso negócio.

Árvore ODS da WEG

Recognition

ISEB3
2019

MSCI | 2018 Constituent
MSCI ESG
Leaders Indexes

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

IR Award winner
Brazil 2019
magazine

Índice
Carbono
Eficiente **ICO2**



FTSE4Good



CLEAN200™



EXAME
SUSTENTABILIDADE
2019

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KEY MESSAGES

Diversification strategy proved to be effective in times of crisis

Expand our product portfolio, incorporating solutions for renewable energy, electric mobility and digital business

Continue to strengthen our global motors & drives structure

Improve performance in our industrial units outside Brazil

Keep moving forward with sustainable development goals

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Thank you!

Harry Schmelzer Jr.