Conference Call 3Q17

The industrial recovery cycle continues



Fernando de Noronha - PE

Disclaimer

This is a support document for the WEG S.A. 2017 third quarter results conference call.

Any forecasts contained in this document or statements that may eventually be made during this conference call relating to WEG's business perspectives, projections and operating and financial goals and to WEG's potential future growth are management beliefs and expectations, as well as information that is currently available.

These statements involve risks, uncertainties and the use of assumptions, as they relate to future events and, as such, depend on circumstances that may or may not be present. Investors should understand that the general economic conditions, conditions in the industry and other operating factors may affect WEG's future performance and lead to results that may differ materially from those expressed in such future considerations.

Standards and criteria applied in the preparation of information

The financial statements presented in this document has been prepared in accordance with IFRS (International Financial Reporting Standards). The financial information relating to WEG correspond to the company's consolidation information.

In addition, the financial and operating information included in this results discussion are subject to rounding adjustments and, as a result, the total value presented in the tables and graphs may differ from the direct figures that precede them.

The information denominated EBITDA – Earnings Before Interest, Taxes on Income and Social Contribution on Net Income, Depreciation, and Amortization; EBIT – Earnings Before Interest and Income Taxes and Social Contribution on Net Income are presented in accordance with Instruction No.527 issued by CVM on October 4, 2012.

Highlights Third Quarter 2017

01

Growth driven by industrial recovery, with highlights for short cycle products and for external markets.

Net Operating Revenue were **R$ 2,435.1 million**, **8.8%** increase from 3Q16 and a **6.8%** increase from 2Q17;

02

Recovery in margins and results continue benefiting from cost control

EBITDA reached **R$ 388.4 million**, with margin of 16.0%, **14.9%** increase from 3Q16 and **4.8%** increase from 2Q17;

Net Income of **R$ 312.0 million**, with net margin of 12.8%, **21.4%** increase from 3Q16 and **14.6%** increase 2Q17.

03

Discipline in the use of cash and operational generation helped to improve return

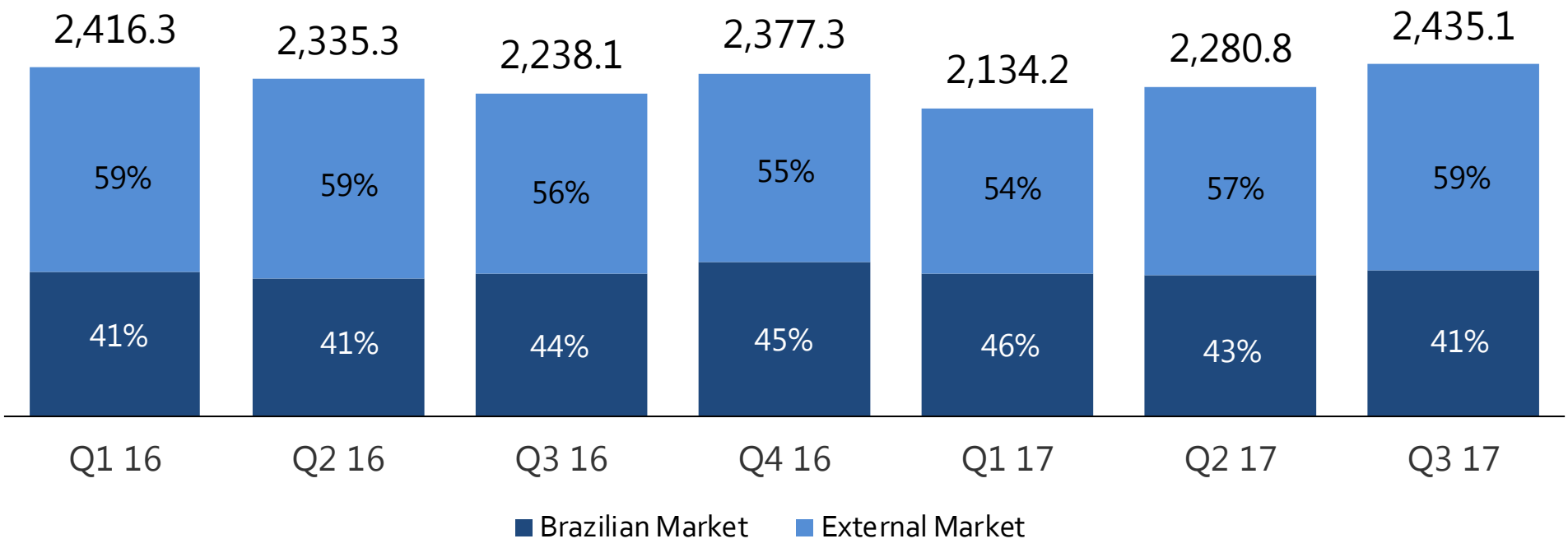
Investments of **R$ 190.8 million**, 42% in industrial plants in Brazil and 58% in expansion projects abroad.

Operating Cash Generation of **R$ 975.2 million** in 9M17.

Net Operating Revenue

Net Operating Revenue
***R$ 2,435.1 million**, **8.8%** increase from 3Q16 and a **6.8%** increase from 2Q17*

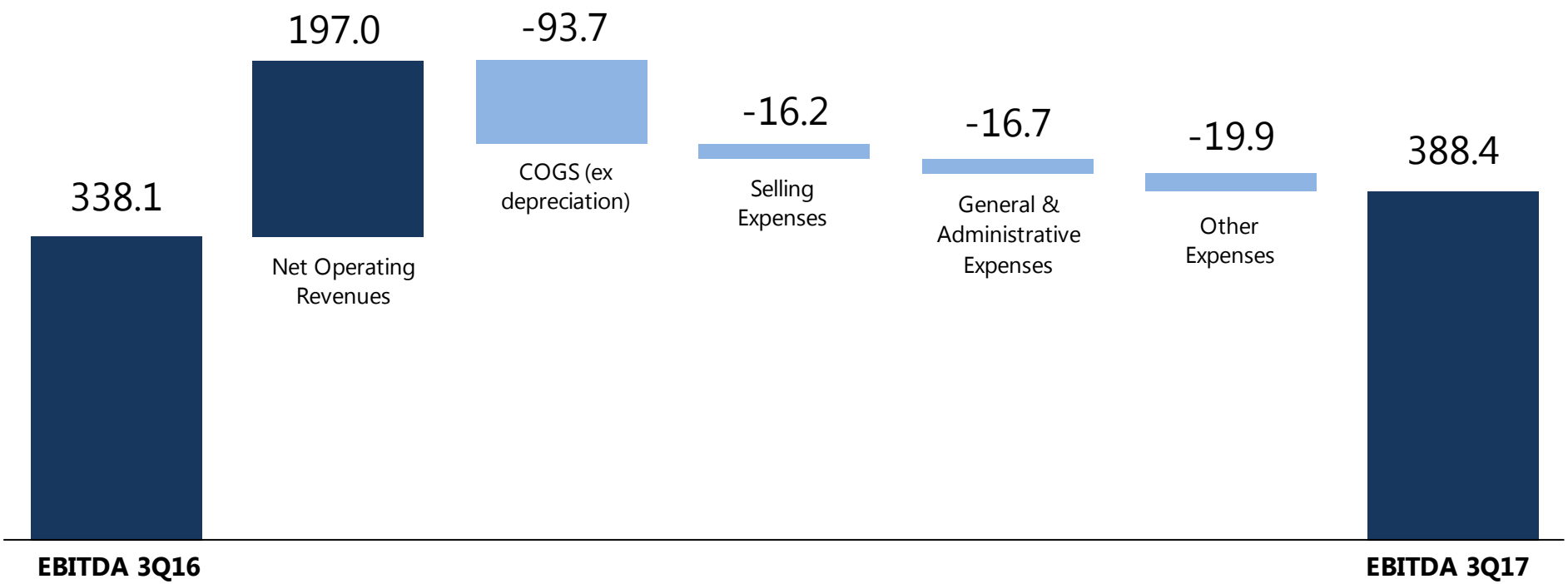
In R$ million



Main impacts on EBITDA

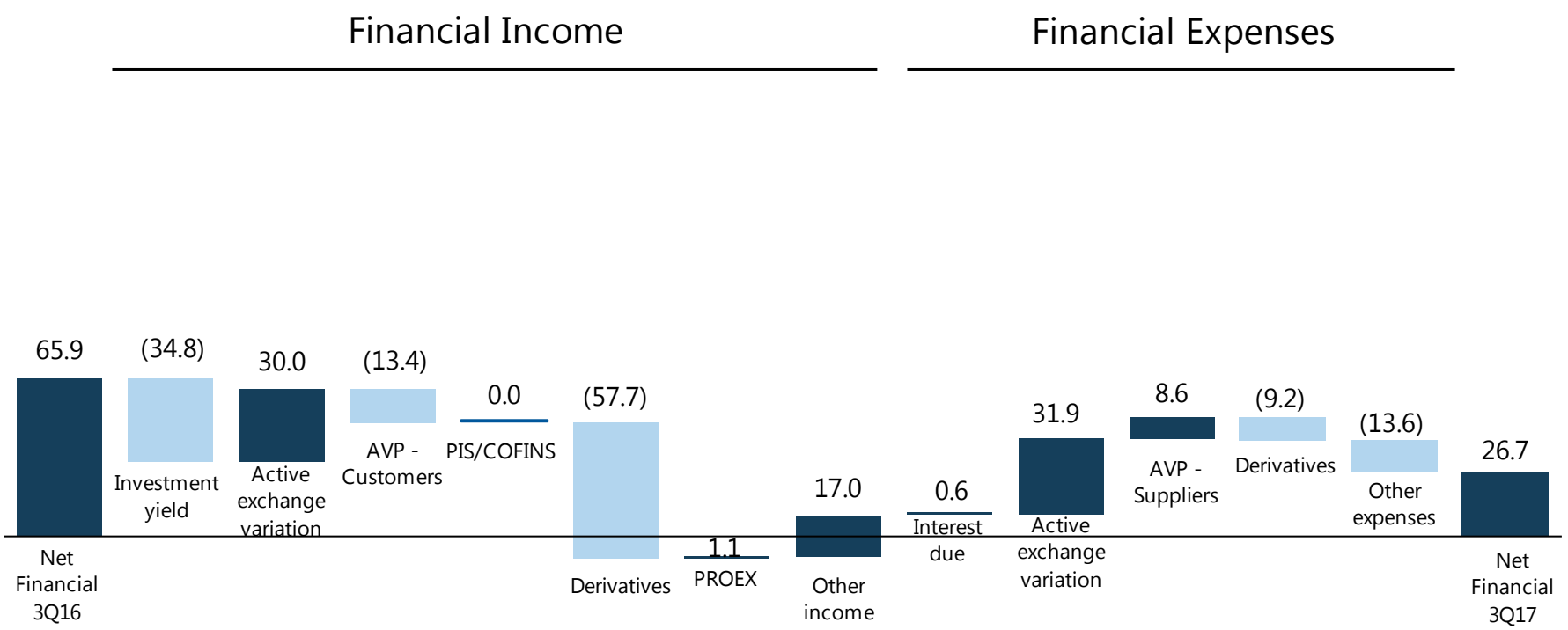
*EBITDA of **R$ 388.4 million**, with margin of **16.0%**, 14.9% increase from 3Q16 and 4.8% increase from 2Q17*

In R$ million



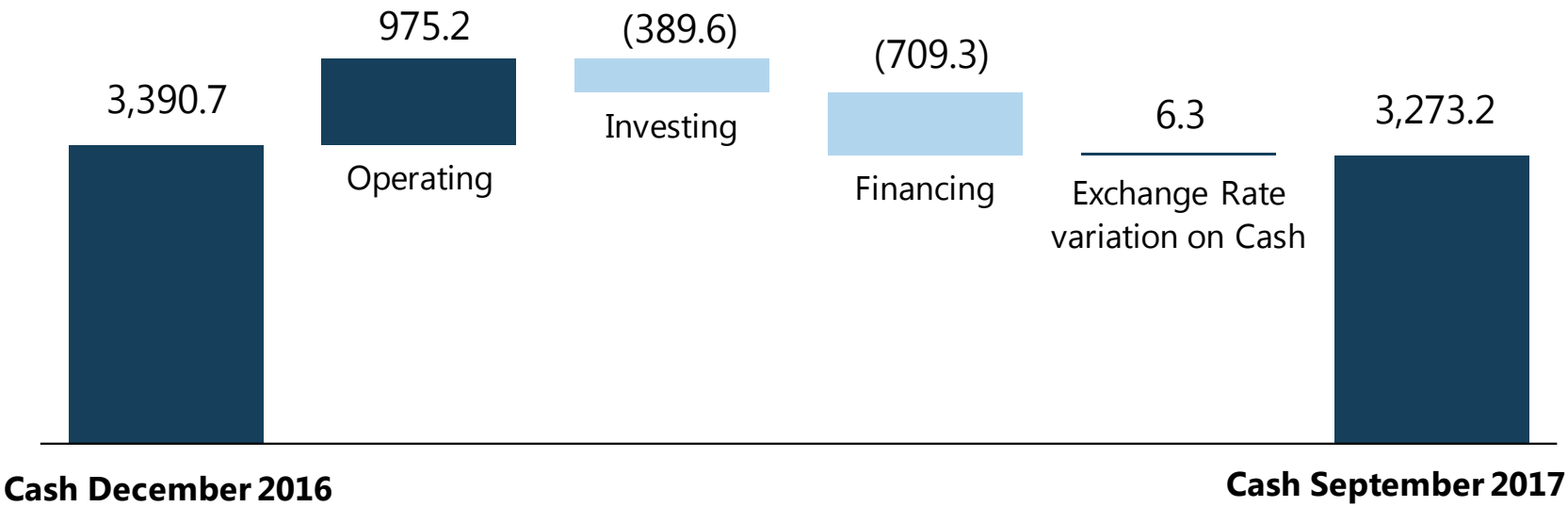
Main impacts on Net Quarterly Financial Results

In R$ million



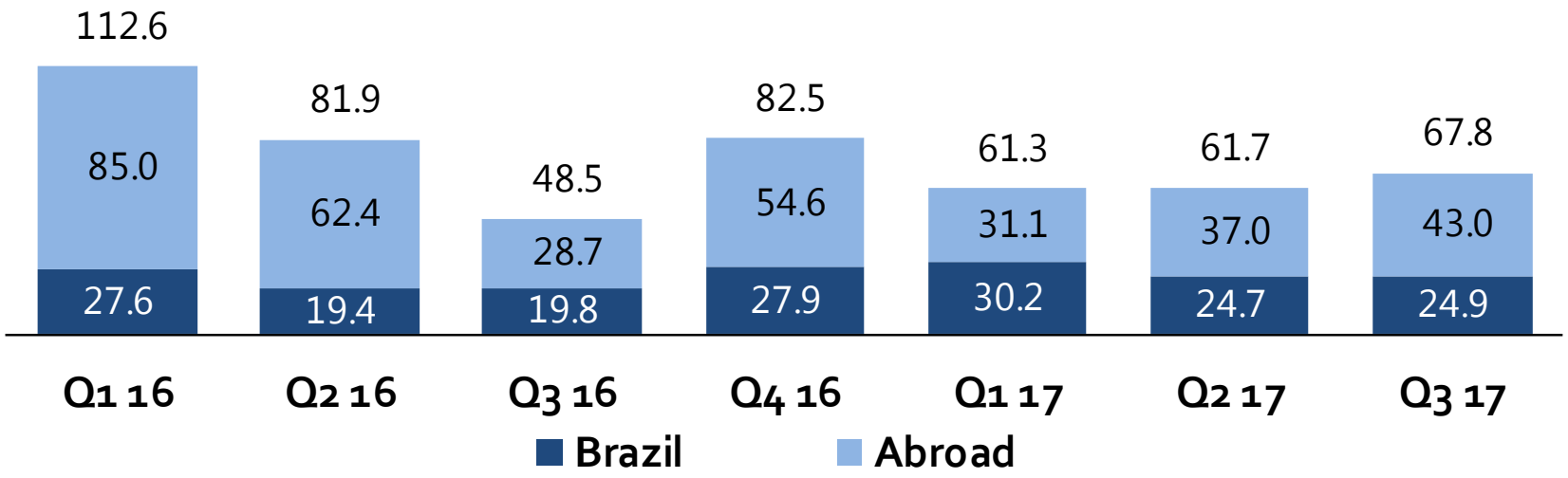
Main impacts on Cash Flow

In R$ million



Capex Program
Quarterly Evolution

In R$ million



Outlook

In Brazil the industrial recovery cycle continues

- Recovery trend continues of short cycle products
- We depend on investments in capacity expansion and infrastructure for the resumption of long cycle products
- Combination of low inflation and lower interest rate brings good prospects for the business environment in Brazil

Signs of recovery abroad

- Increasing industrial production in major global markets
- Improvement in short cycle products driven by OEMs
- Investments in infrastructure and traditional markets begin to demand long cycle products

Future events should bring better visibility to GTD

- Deliveries rescheduling in one wind power generation project should equalize revenue for next year
- We continue to develop new products, with deliveries of large solar generation projects starting already in the next quarter
- Energy auctions scheduled for December should bring better medium and long term perspectives

Contacts
IR WEG



Paulo Polezi
Finance and Investor Relations Officer

+55 (47) 3276-6355
ppolezi@weg.net



André Salgueiro
Investor Relations Manager

+55 (47) 3276-6367
amsalgueiro@weg.net

https://www.facebook.com/ri.weg

twitter.com/weg_ir

www.linkedin.com/company/weg-investor-relations

www.weg.net/ir