



Earnings Conference Call | 2017

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President & Chief Executive Officer

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Highlights from Gerdau's transformation journey

Modernizing the culture: more agility, simplicity and autonomy, less hierarchy

Accelerating the digital transformation with a focus on the customer

More competitive costs and higher productivity globally:

R\$ 584 million reduction in SG&A expenses in 2017

Focus on steel assets with highest potential returns:

R\$ 6.3 billion in divestments in 4 years

Evolution in performance:

Sales volume: 14.9 million metric tons (-4%)

Net sales: R\$ 37 billion (-2%)

Adjusted EBITDA: R\$ 4.3 billion (+7%)

Adjusted net income: R\$ 522 million (+474%)

Better debt indicators:

Net debt / EBITDA: from 3.49x in 2016 to 2.98x in 2017

Positive outlook in all markets where we operate

Brazil

- Economic growth should strengthen steel demand in 2018, led by the industrial sector. Construction sector continues to recover gradually.
- Reintegra: program critical for ensuring the industry's competitiveness in export markets.

North America

- Long steel consumption expected to grow in key consumer sectors: non-residential construction, industrial, oil & gas.
- Section 232 investigation and infrastructure incentive policies: awaiting developments in the coming months.

Special Steel (Brazil, United States & India)

- Automotive: local sales in the three countries and Brazilian exports staging a complete recovery. Production in United States remains strong.

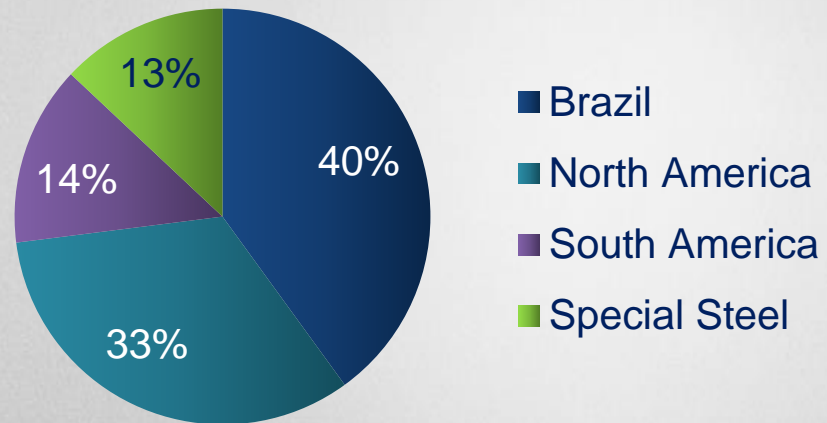
South America (except Brazil)

- Expectations for economies to grow, led by Peru, Colombia and Argentina.

**Investments should
reach R\$ 1.2 billion
in 2018**

Capex of R\$ 873 million in 2017

2017 Capex per BD



A low-angle, upward-looking photograph of the Tokyo Tower, showing its intricate lattice structure against a deep blue sky filled with wispy white clouds. The tower rises from the bottom right corner towards the top right, leaving a large portion of the left side of the image open for text.

Financial Results

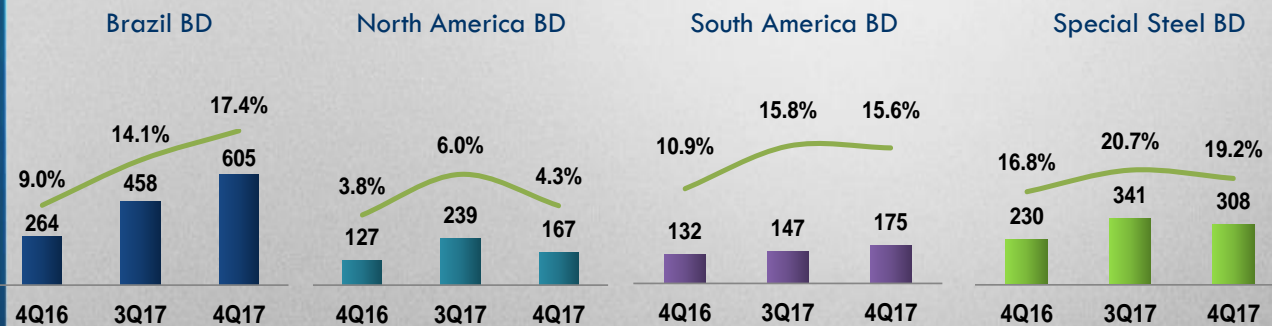
Gerdau S.A. Consolidated – IFRS

Evolution of EBITDA
even with a
challenging scenario
Improved profitability of
Brazil BD provides
consolidated EBITDA
growth.

Adjusted EBITDA and adjusted margin EBITDA - R\$ million and %

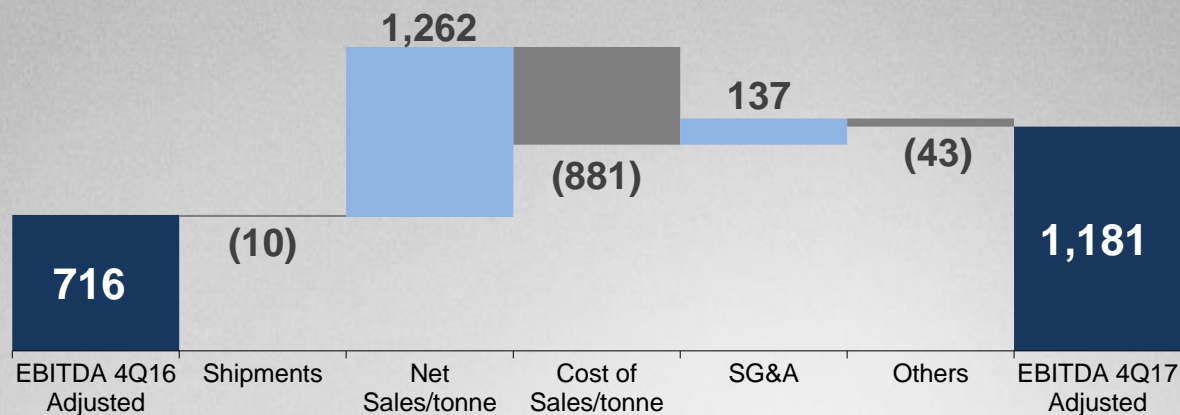


Adjusted EBITDA and adjusted margin EBITDA per BD –
R\$ million and %

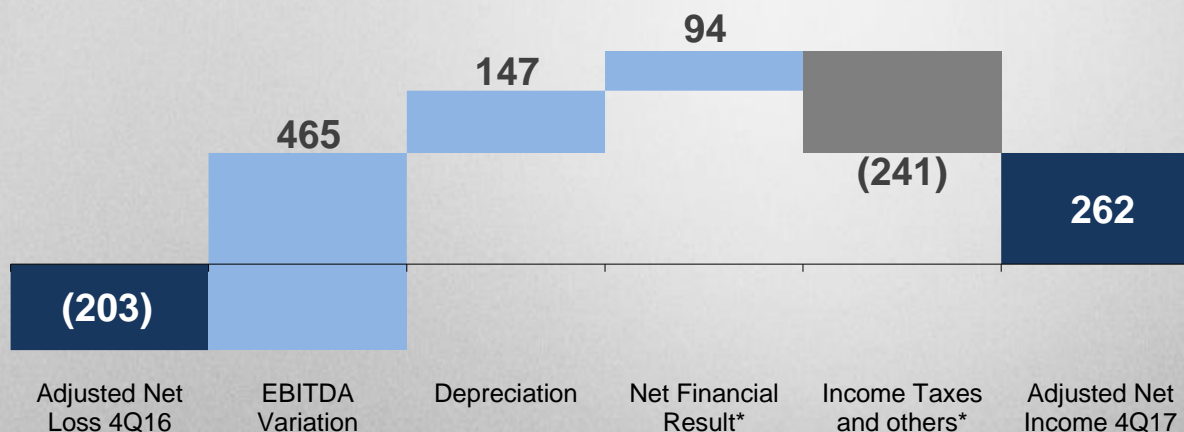


Net income positively
impacted by the
improvement in
EBITDA

Evolution of adjusted EBITDA - R\$ million



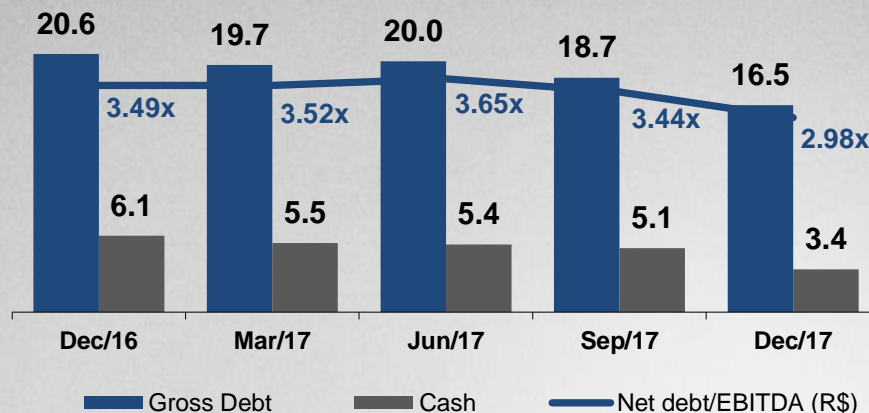
Evolution of Adjusted Net Income - R\$ million



*Net of the effect from Net Investment Hedge

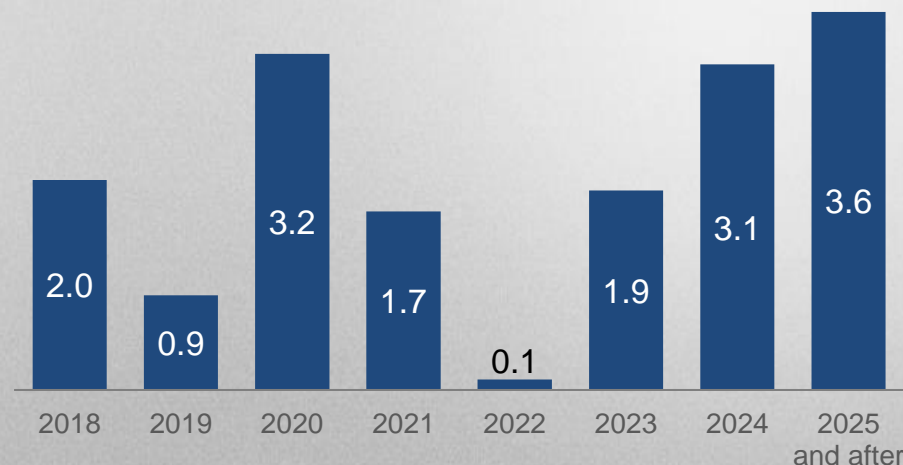
Reduction of Net Debt / EBITDA ratio

Debt and Ratio — R\$ billion



Average cost of debt: 6.4%

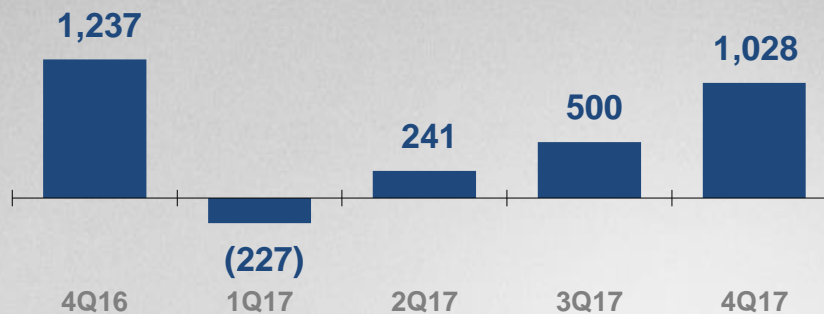
Debt Maturity Schedule - R\$ billion



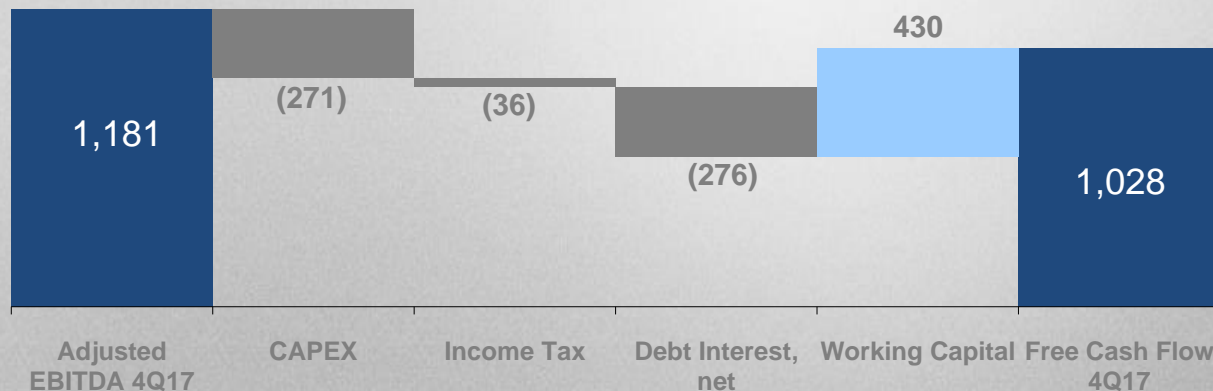
Average debt maturity: 6.7 years

Positive Free cash flow generation in twelve months

Evolution on free cash flow - R\$ million



Free Cash Flow 4Q17 - R\$ million



Key challenges for 2018

Digital transformation

Indebtedness

Free Cash Flow

Profitability of operations

Earnings Release
1Q2018

SAVE THE DATE

May, 9