



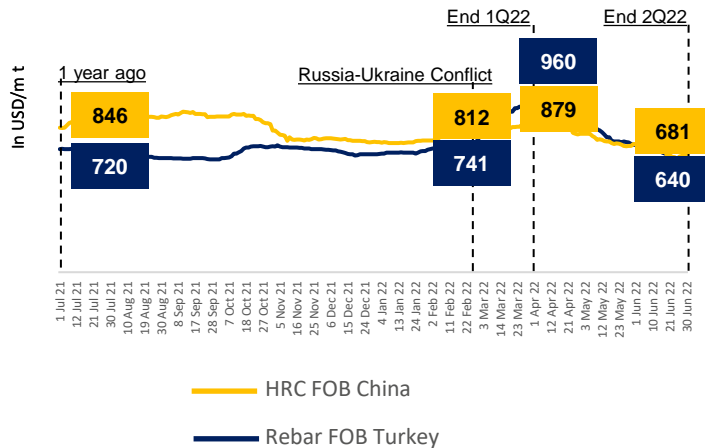
# EARNINGS RELEASE



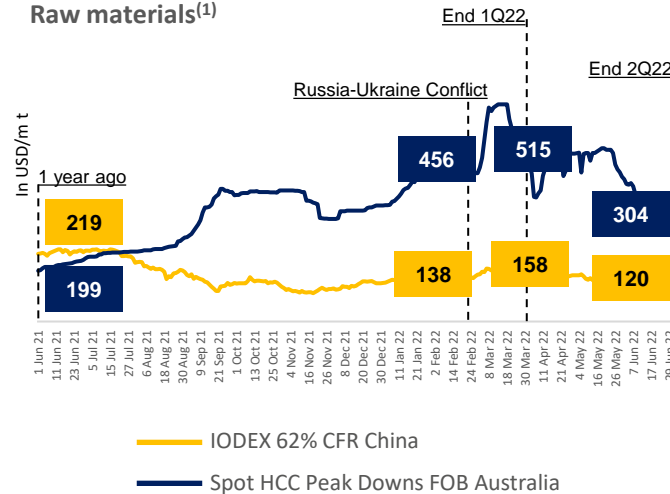
# MACRO-SCENARIO

- Higher inflation in Brazil and worldwide heightens recession risk raises uncertainties, regarding global economic growth;
- China growth below expectation, due to restrictions under its Zero-Covid policy;
- Russia-Ukraine Conflict, pressuring energy markets;
- Commodity prices correction, reflects deterioration in market confidence.

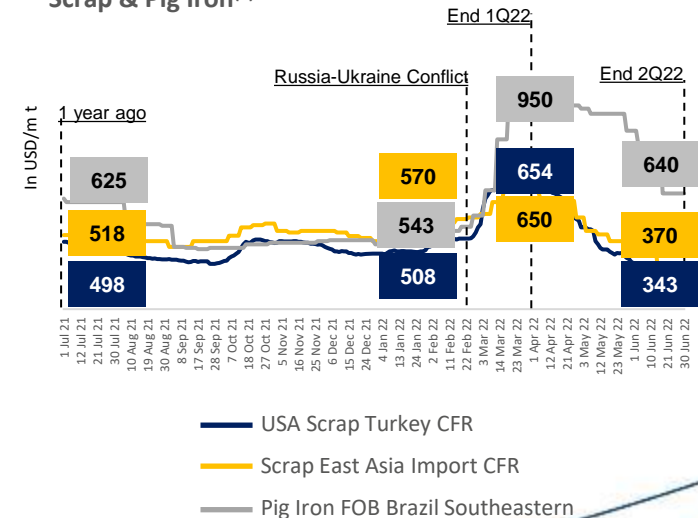
Turkish rebar<sup>(1)</sup> & HRC<sup>(2)</sup>



Raw materials<sup>(1)</sup>



Scrap & Pig Iron<sup>(1)</sup>



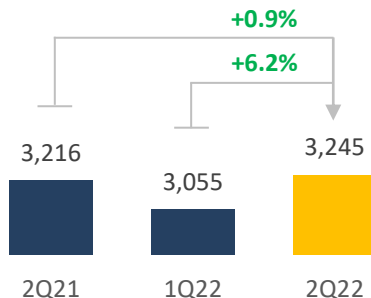


# PERIOD HIGHLIGHTS

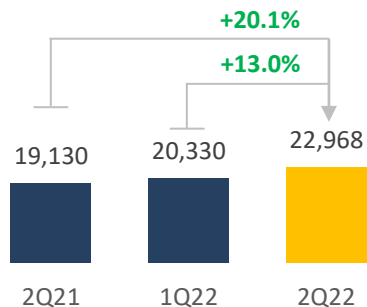
## Resilience and Sustainable Values



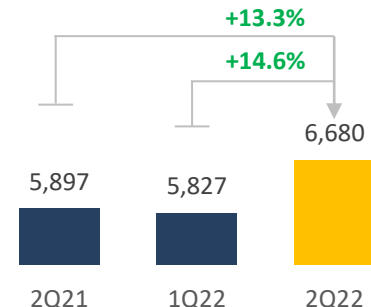
### Shipments (1,000 tonnes)



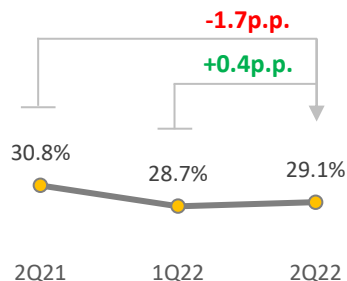
### Net Sales (R\$ million)



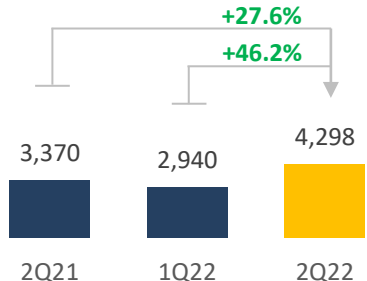
### Adjusted EBITDA<sup>(1)</sup> (R\$ million)



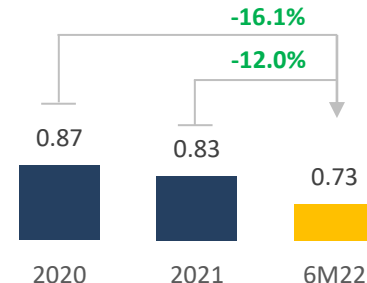
### Adjusted EBITDA Margin<sup>(1)</sup>



### Adjusted Net Income<sup>(1)</sup> (R\$ million)



### Safety - Frequency Rate<sup>(2)</sup>




(1) Adjusted by non-recurring items that impacted 2Q21 result.


(2) Number of lost-time injuries for every 1,000,000 hours worked (the lower, the better).







# PERIOD HIGHLIGHTS


 **Strong results delivered confirm resilience of our market sectors in the Americas**, with emphasis on the continued good performance of construction and industrial sectors;

 **In Brazil BD, construction sector remains robust and reinforces positive outlook for next few months**, which also is supported by stability of the retail sector at high levels;

 **North America BD** reported 1H22 EBITDA double higher result, compared to those presented in the same period of 2021;

 **6.3 million tonnes shipped in 1H22**, in line with the same period of the previous year;

 **Gerdau recognized in Mining, Steel & Metallurgy category** of the Best of ESG Awards 2022, promoted by *Exame* magazine;

 **We have one of the lowest averages emissions in the steel industry, 0.90 tCO<sub>2</sub>e/t of steel produced**, approximately half the global average of the sector;

 **Fitch Ratings** upgraded Gerdau's Long-Term ratings in the Foreign-Currency and Local-Currency (IDRs) from “BBB-” to “BBB”.

 **Gerdau is the official steel of Rock in Rio music festival and steel supplier for World Stage**, strengthening the aspects of sustainability, whose the steel recycling process includes thousands of cooperatives and people in its income generation chain.

# PERFORMANCE BY BUSINESS DIVISION



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**GERDAU**

Shape the future





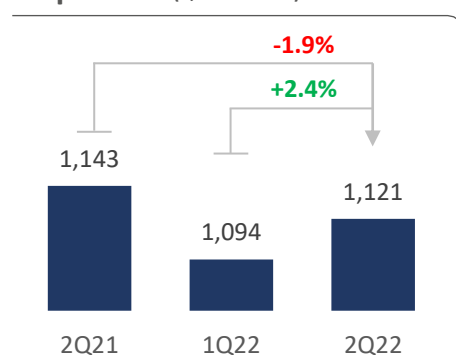
Utilization  
rate<sup>(1)</sup>

93%

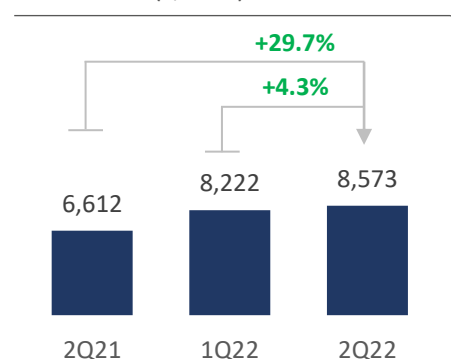
## NORTH AMERICA BD

- Best quarter in the history of the Business Division (42% of Gerdau's consolidated EBITDA);
- Healthy dynamics in the industrial, infrastructure and non-residential construction sectors, with leading indicators pointing to stronger growth;
- Logistics and labor challenges remains.

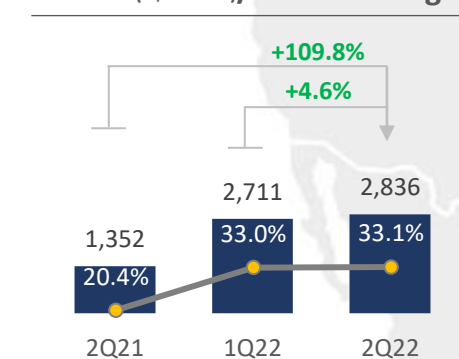
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)/EBITDA Margin



PMI<sup>(2)</sup>  
53



ABI<sup>(2)</sup>  
53.2

### PROJECT

- Start of the first expansion phase of the Midlothian mini-mill;
- Increase productivity of mini-mill.
- Investment<sup>(3)</sup> ~R\$ 286 million.

### OUTLOOK

- Solid steel demand, especially from construction industry;
- Order backlog at healthy levels, above the historically recorded;
- US\$ 1 trillion infrastructure bill should take effect by end-2022, early-2023.

(1) Rolled products. (2) Data for June 2022. (3) Approximate CAPEX and subject to exchange variation



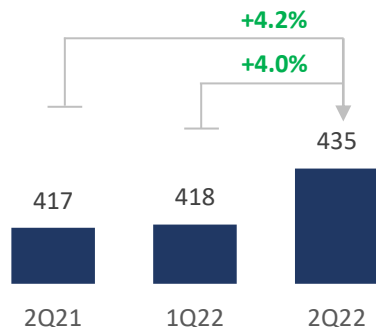
## SPECIAL STEEL BD

Utilization  
rate<sup>(1)</sup>

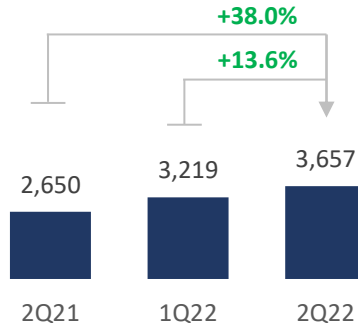
81%

- Good performance of heavy vehicle sectors in Brazil and oil & gas sector in USA;
- Light vehicle segments continues to be impacted by global semiconductor shortage.

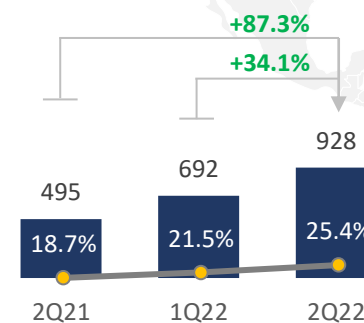
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)/EBITDA Margin



### PROJECT

- New heat treatment furnace in Charqueadas;
- Capacity expansion for products with heat treatment, generating greater value to the portfolio;
- Investment<sup>(2)</sup> ~R\$ 90 million.

### OUTLOOK

- Highest growth of last two years in key markets: heavy vehicles, distribution and oil and gas;
- Gradual improvement in semiconductor issue for light vehicles. Inflation could affect category's demand.

(1) Crude steel. (2) Approximate CAPEX and subject to exchange variation



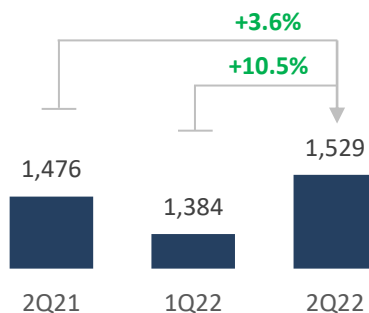
## BRAZIL BD

Utilization  
rate<sup>(1)</sup>

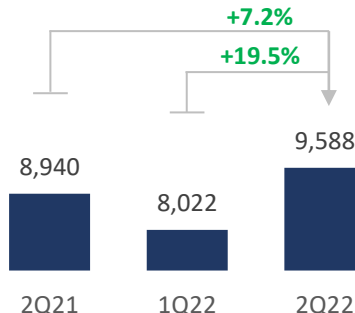
82%

- Real demand in the construction and industry sectors remained stable at high levels in 2Q22, especially in direct sales for construction companies, machinery, equipment, agribusiness and energy.

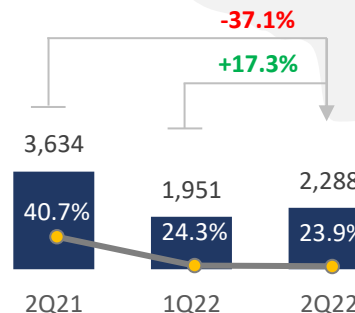
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)/EBITDA Margin



Construction GDP  
3.8% <sup>(2)(3)</sup>



+19% Construction  
Sites <sup>(4)(5)</sup>



Real estate inventories  
10.8 months <sup>(2)(6)</sup>



Capacity of  
23,807 MW <sup>(2)(7)</sup>

### PROJECT

- Modernization and renovation of Riograndense's mini-mill;
- Improvements in digital transformation journey, industry 4.0, environment and safety;
- Investment<sup>(8)</sup> ~R\$ 200 million.

### OUTLOOK

- Distribution and retailing:** volumes stable at high levels;
- Residential construction:** launches, unit inventories and construction works at healthy levels;
- Energy:** sector remains strong with expectation of large investments;
- Infrastructure:** busy calendar of highway projects and auctions;
- Manufacturing industry:** 22/23CY plans to drive agricultural machinery and equipment sales.

(1) Crude steel. (2) Forecast at June 2022 for end-2022. (3) Source: Trends. (4) Source: Neoway. (5) Variation between Jun/22 and Jun/21. (6) Source: Secovi. (7) Source: ANEEL.

(8) Approximate CAPEX and subject to exchange variation.





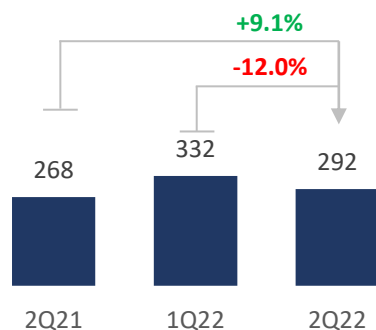
Utilization  
rate<sup>(1)</sup>

93%

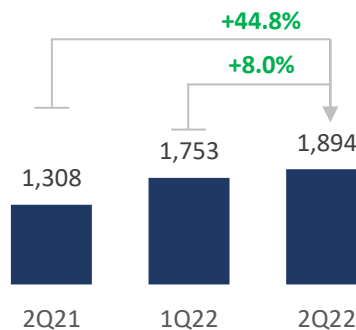
## SOUTH AMERICA BD

- Best quarter in the history of the Business Division, with greater contribution to Gerdau's consolidated EBITDA;
- Argentina and Uruguay with strong demand due to construction and industry sectors.

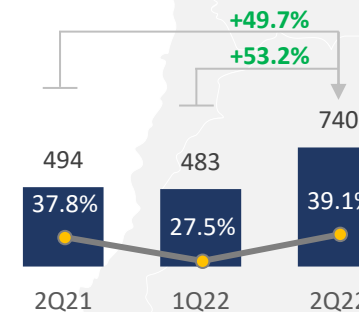
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)/EBITDA Margin



### PROJECT

- Expand rolled steel capacity in **Peru**;
- Expand **capacity, reduce costs**, improve **occupational safety**;
- Investment<sup>(2)</sup> ~R\$ 90 million.

### OUTLOOK

- Argentina and Uruguay**: activity stable at good levels in construction sector
- Peru**: solid demand from construction sector.

(1) Rolled products. (2) Approximate CAPEX and subject to exchange variation





# FINANCIAL PERFORMANCE



**GERDAU**

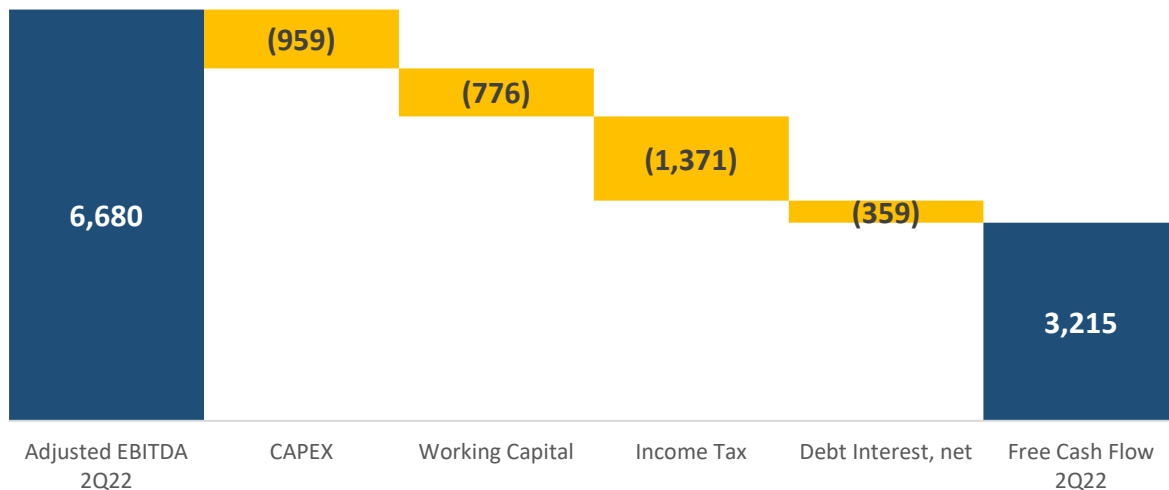
Shape the future





## EBITDA & CASH FLOW 2Q22

R\$ million

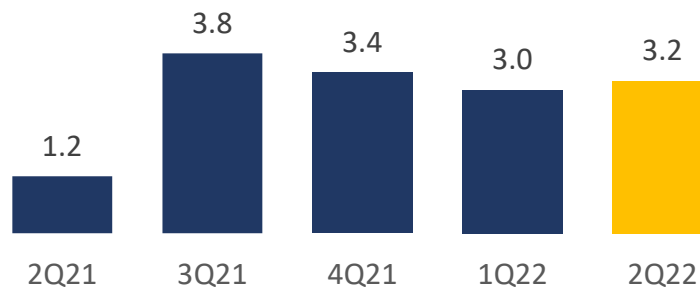


**FCF = 48% of EBITDA or 14% of Net Sales**

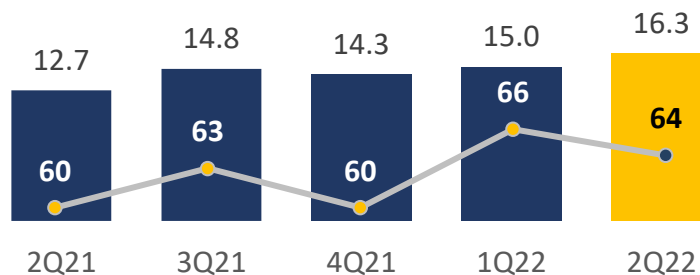




## CASH FLOW & WORKING CAPITAL (R\$ billion)



**9<sup>th</sup> consecutive  
quarter of positive  
FCF**



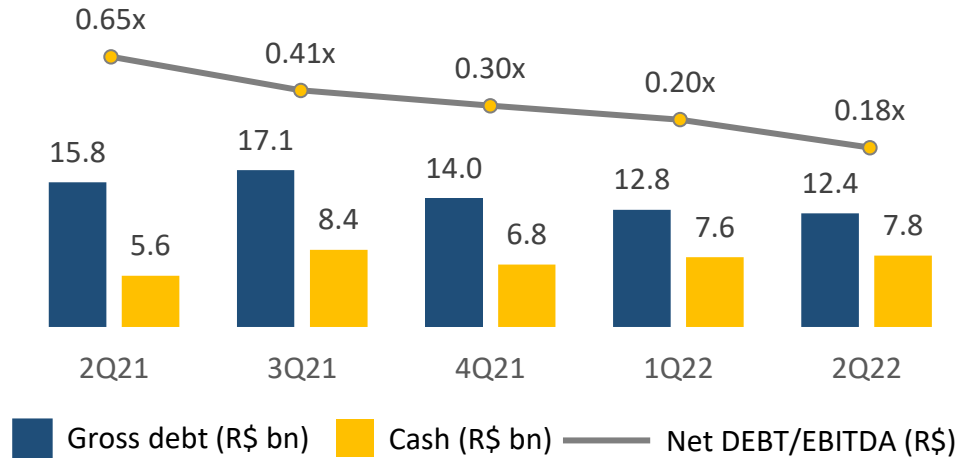
**2<sup>nd</sup> lowest financial  
cycle for the 2Q in the  
last 10 years**

■ Working capital (R\$ billion) — Cash conversion cycle (days)



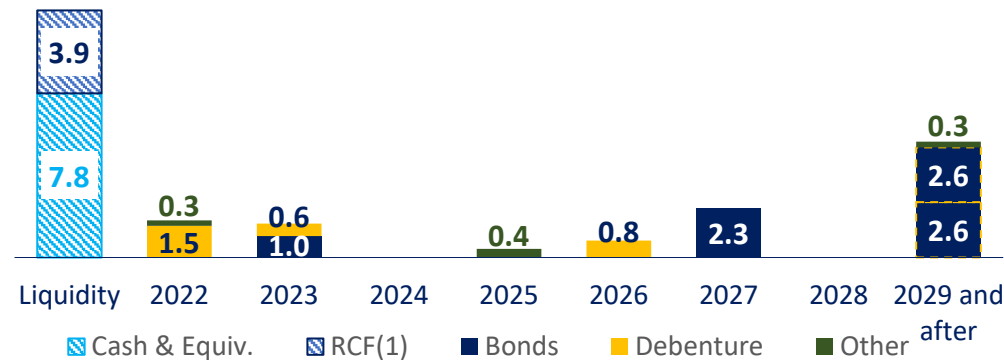


## LIQUIDITY & INDEBTEDNESS (R\$ billion)



**Financial Policy:**  
Gross debt below R\$ 12 billion (-22% YoY)

**Leverage at 0.18x:** lowest ratio ever



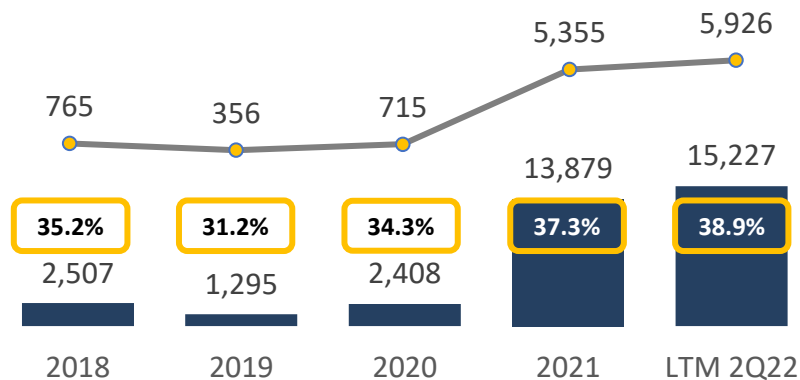
**Average term: 8 years**  
**Average cost: 7.6% p.a.**

(1) Global Revolving Credit Facility

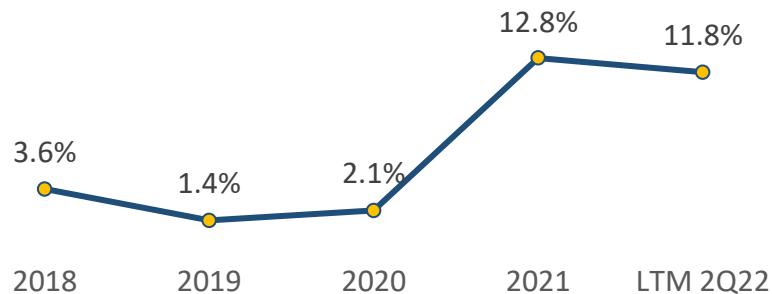


# SHAREHOLDER RETURNS

## NET INCOME & DISTRIBUTED DIVIDENDS

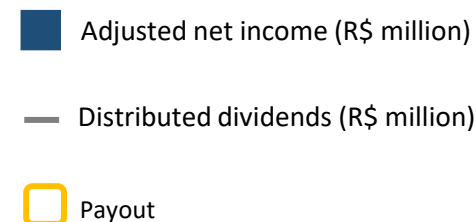


## DIVIDEND YIELD GGBR4 <sup>(1)</sup>



## 2Q22 Dividends

R\$ 0.71 per GGBR share &  
R\$ 0.36 per GOAU share



## Share Buyback Program<sup>(2)</sup>

Repurchases as of July 18, 2022



**17,769,500 GGBR4 or 32.3%**  
of program



**16,903,200 GOUA4 or 24.5%**  
of program

(1) Dividends paid/share price at start of period - Prices (R\$/share): 2018: 12.38; 2019: 14.82; 2020: 20.00; 2021: 24.45; LTM2Q22: 29.61.

(2) Up to 55,000,000 or 5% of preferred shares (GGBR4) and up to 69,000,000 or 10% of preferred shares (GOAU4) composing the free-float. When announced in March 2022: approximately GGBR4: 1,102 million of shares | GOAU4: 699 million of shares





**ENVIRONMENTAL**  
**SOCIAL**  
**GOVERNANCE**



**GERDAU**

O futuro se molda





# ESG

Environmental  
Social  
Governance

WOMEN IN LEADERSHIP POSITIONS: **23.6%**

Commitment to reach **30%** in 2025

**5%** of women in the position of operator,  
breaking historical level of 2%

GREENHOUSE GAS  
EMISSIONS (CO<sub>2</sub>e): **0.90t** CO<sub>2</sub>/t steel

Reduction of **3%** when compared to 2020 (0.93 tCO<sub>2</sub>/t steel)  
reaffirms our commitment to reduce our greenhouse gas emissions to  
0.83 t of CO<sub>2</sub>e per tonne of steel by 2031



Annual Report 2021





**ESG** Environmental  
Social  
Governance

## ACQUISITION OF **15%** STAKE IN PLANT PREFAB

North American startup, which works in the construction of smart and sustainable prefabricated houses

## ESG RESPONSIBILITY RANKING

Best Brazilian B2B industry among the 100 companies with the best reputation, in **37<sup>th</sup>** position

FEATURED IN THE CATEGORY MINING, METALLURGY AND STEELMAKING, **The Best of ESG Award**, promoted by Exame magazine's .



Prefab house by Plant Prefab in the USA



SAVE THE DATE

**NOVEMBER 9<sup>TH</sup>**

3Q22 QUARTERLY RESULTS

## Q&A INSTRUCTIONS

- If you have any questions, we advise you to sent by the icon #Q&A#, on the bottom button on your screen.
- By standard of the group dynamic, your names will be announced, so that you can ask your question.
- At that time, a request to turn on your microphone will appear on your screen.

**THANK YOU!**

# Disclaimer

This document may contain forward-looking statements. These statements are based on estimates, information or methods that may be incorrect or inaccurate and that may not occur. These estimates are also subject to risk, uncertainties and assumptions that include, among other factors: general economic, political and commercial conditions in Brazil and in the markets where we operate and existing and future government regulations. Potential investors are cautioned that these forward-looking statements do not constitute guarantees of future performance, given that they involve risks and uncertainties. GerdaU does not undertake and expressly waives any obligation to update any of these forward-looking statements, which are valid only on the date on which they were made.