



# EARNINGS RELEASE

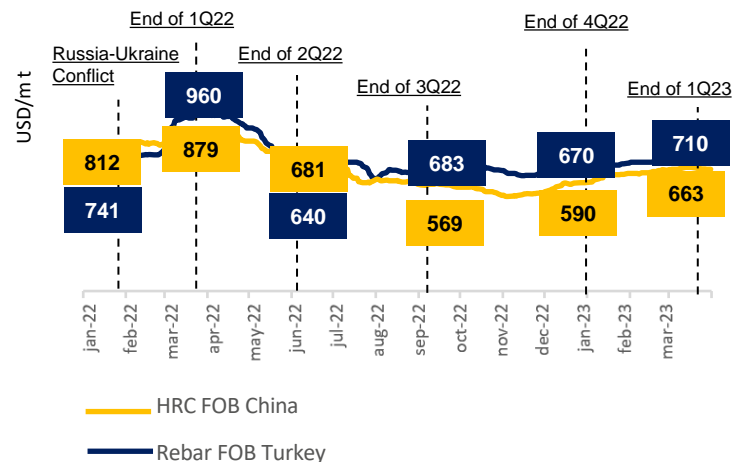
1<sup>st</sup> quarter | 2023

# MACRO SCENARIO

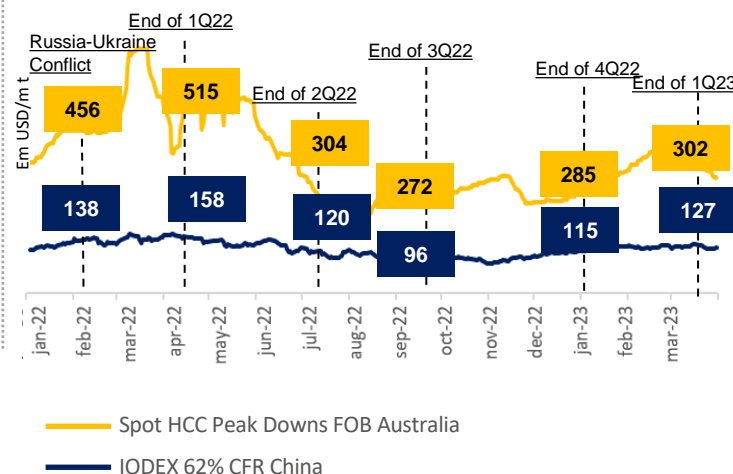
## Expectation of moderate economic growth for 2023

- GLOBAL:** Inflationary scenario, contractionary monetary policy and geopolitical risks (Russia and Ukraine, trade tensions China and USA) continue to generate uncertainties, however Europe's face resilience due to energy crisis and the improvement in the constraints of the supply chain are positive points
- BRAZIL:** High interest rates, household indebtedness and the weakening of the labor market, in addition to fiscal uncertainty bring moderate outlook
- USA:** Cautions scenario facing moderate signs of recession, in addition to financial vulnerability (banking, liquidity and credit crisis)
- CHINA:** The recovery of the second largest economy in the world is not linear and continues to generate uncertainties in the market and in the commodities prices
- SOUTH AMERICAN:** Challenging period due to questionable economic growth prospects

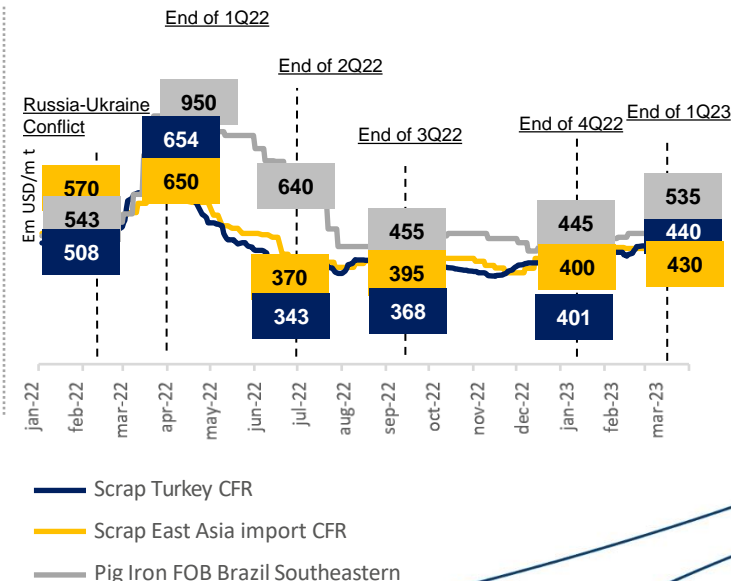
TURKISH REBAR & HRC



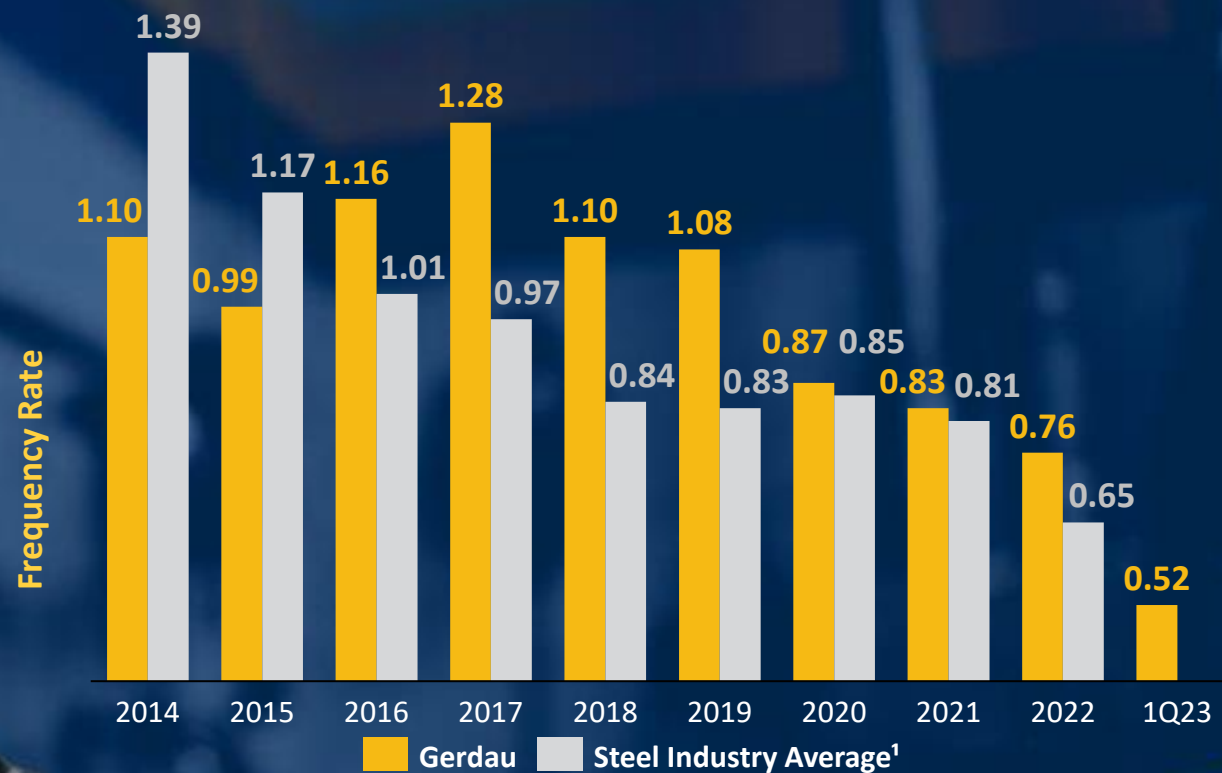
COAL AND IRON ORE



SCRAP & PIG IRON



## Occupational health and safety management

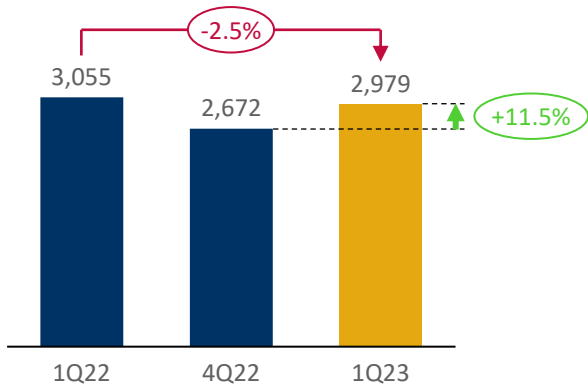


# HIGHLIGHTS IN THE PERIOD

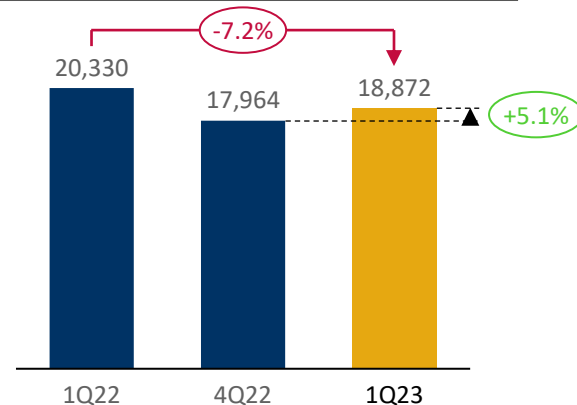
Better shipments and lower costs, despite a more challenging scenario



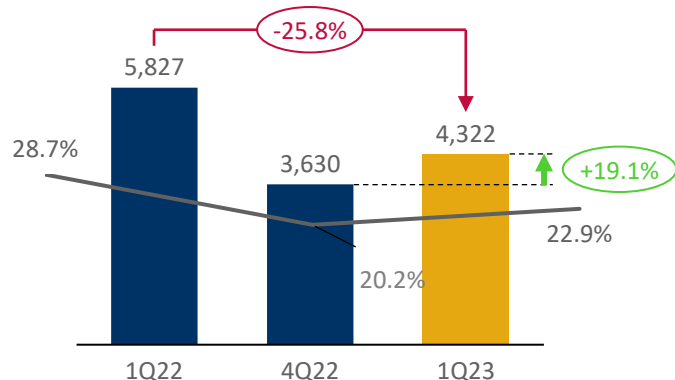
## Shipments (1,000 tonnes)



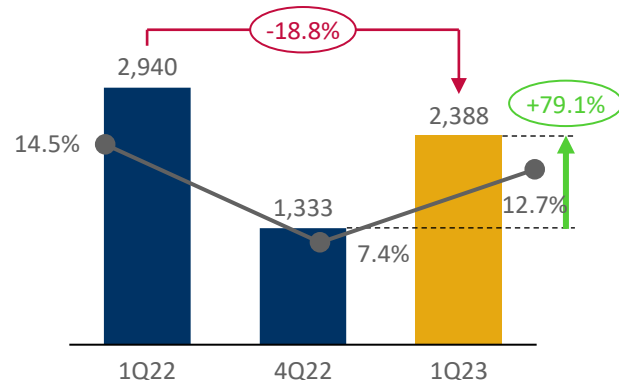
## Net Sales<sup>1</sup> (R\$ million)



## Adjusted EBITDA and Adjusted EBITDA Margin<sup>2</sup> (R\$ million)



## Adjusted Net Income and Adjusted Net Margin<sup>2</sup> (R\$ million)




<sup>1</sup> Includes iron ore sales.

<sup>2</sup> Non-accounting measure calculated by the Company. The Company presents Adjusted EBITDA to provide additional information on cash generation in the period.



# HIGHLIGHTS IN THE PERIOD



■ **NET SALES OF R\$ 18.9 BILLION**, 5.1% higher compared to the last quarter of the previous year

■ Shipments amounted **3 MILLION TONS OF STEEL** in the quarter, 11.5% above 4Q22

■ **ADJUSTED EBITDA OF R\$ 4.3 BILLION**, 19.1% higher compared to 4Q22, the second-best adjusted EBITDA for the period

■ **GROSS DEBT OF R\$12.3 BILLION AND NET DEBT/EBITDA AT 0.31X**, reflecting the solid financial position

■ **POSITIVE CASH FLOW GENERATION** of R\$ 2.7 billion, driven by Company's disciplined capital allocation

■ **NORTH AMERICA BD:** EBITDA of R\$2.4 billion and EBITDA margin of 30.2% in 1Q23

■ **BRAZIL BD:** EBITDA of R\$1.1 billion and EBITDA margin of 15.4% in 1Q23

■ **R\$ 954 MILLION CAPEX INVESTED IN 1Q23**, of which approximately 48.8% was allocated to the State of Minas Gerais in Brazil

■ **BONUS SHARES** in the proportion of **1 new share for each 20 shares** of the same type credited on 03/24/2023

■ **EARNINGS DISTRIBUTION 1Q23:** The Company allocated **R\$ 892 million (R\$ 0.51 per share)** in the form of interest on equity to be paid on 05/29/2023

■ **MINING:** Since February 2023, we have been using only the **dry stacking method to dispose of 100% of tailings** resulting from its iron ore production process in Minas Gerais

■ **CUBO CONSTRULIVING:** Announcement of the launch of the **first hub focused on creating innovative experiences** in the **housing and construction** journey



# PERFORMANCE BY BUSINESS DIVISION



GERDAU

Shape the future



**GERDAU**  
Shape the future

## NORTH AMERICA BD

- **Continuity of strong results** coming mainly of resilient demand from the construction, industrial and distribution sectors, encouraged by US government programs
- **Positive outlook** of combining demand (reshoring, nearshoring and infrastructure), consolidated supply and low penetration of imported steel
- Scenario of attention regarding the US macroeconomic outlook

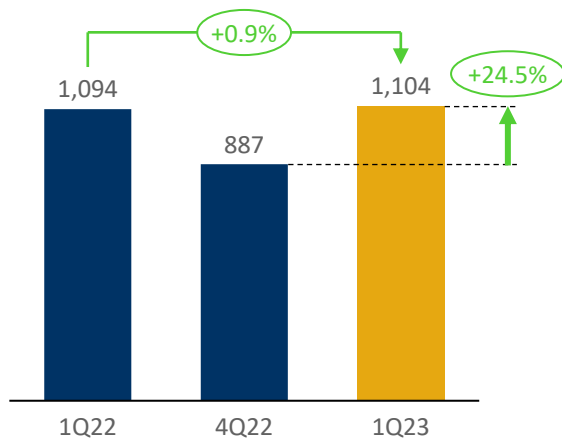
Utilization rate

Rolled steel 93%

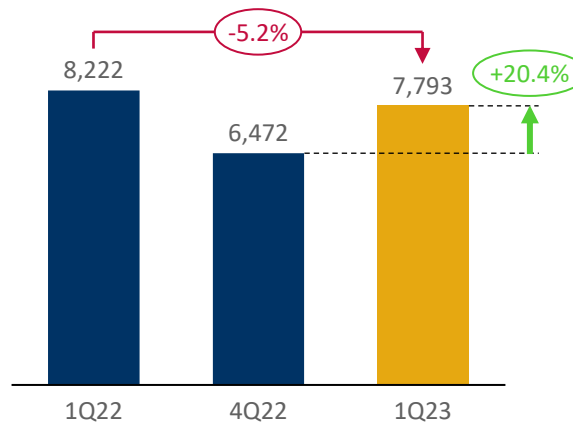
Raw steel 88%

**53.5%**  
Consolidated  
EBITDA

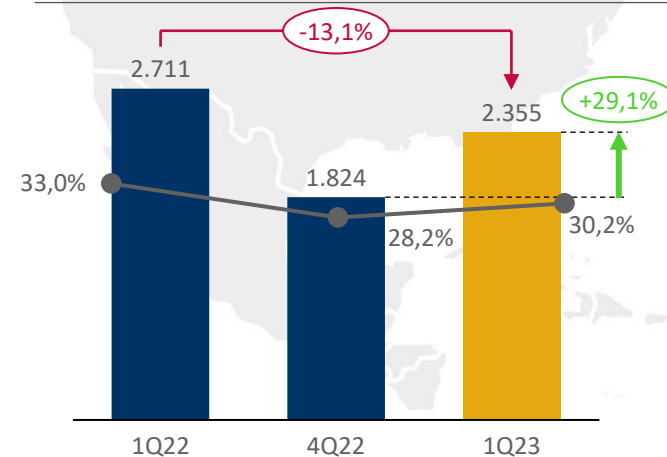
**Shipments** (1,000 tonnes)



**Net Sales** (R\$ million)



**EBITDA** (R\$ million)/ **EBITDA Margin**



PMI<sup>1 2</sup>  
46.3



ABI<sup>1 3</sup>  
50.3



# SPECIAL STEEL BD

Utilization rate

Rolled steel 54%

Raw steel 64%

**11.3%**  
Consolidated  
EBITDA

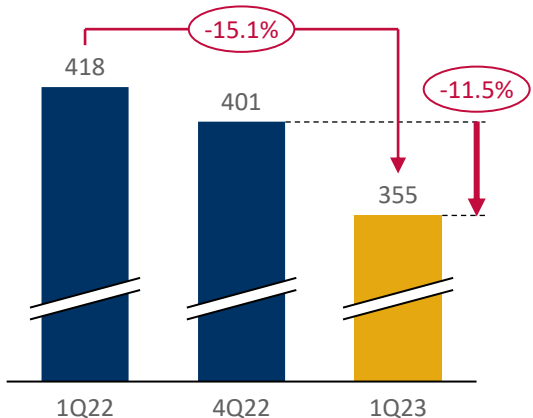
## BRAZIL

- The outage of the main auto assemblers in Brazil due to weakened demand as the increase in credit and consumer's lower purchasing power, in addition to the lack of inputs
- According to external estimates<sup>1</sup>, forecasts for **4% growth for the agricultural machinery sector in Brazil in 2023** (expectation of record harvest and sector fleet modernization)

## NORTH AMERICA

- Despite positive evidence from the automotive sector, the market continues to be impacted by inventory movements, after strong demand in the 2021/22 cycle and **cautious about the macroeconomic scenario**
- Oil and gas sector continues with strong demand, demonstrated by the monthly score of approximately 1,000 rig counts

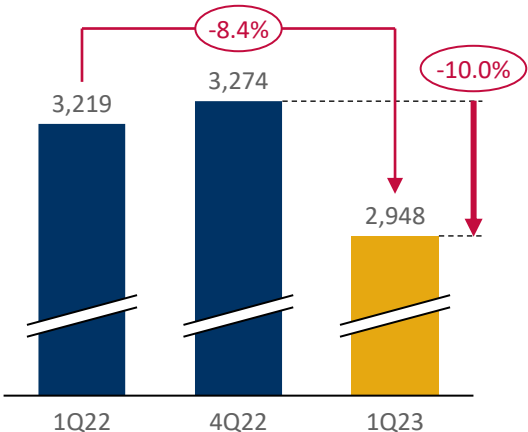
Shipments (1,000 tonnes)



BRAZIL: Sales of Light Vehicles

+16%<sup>2</sup>

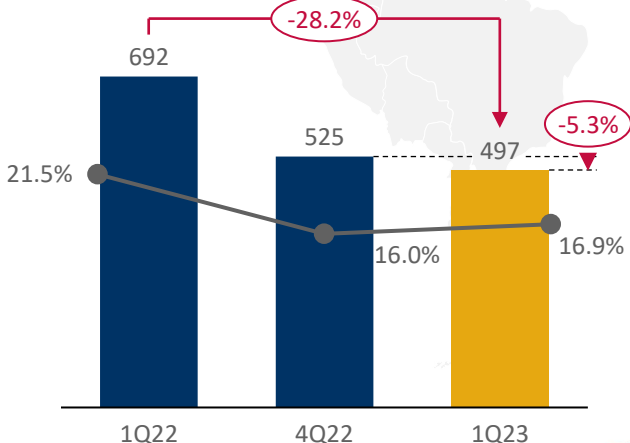
Net Sales (R\$ million)



USA: Light Vehicle Sales

15.2 million<sup>3</sup> - Highest volume in 22 months

EBITDA (R\$ million)/EBITDA Margin



<sup>1</sup>Source: Ministry of Economy, <sup>2</sup> ANFAVEA – Variation between 2022 and 2023; <sup>3</sup>IHS Markit – Rate SAAR YoY



# BRAZIL BD

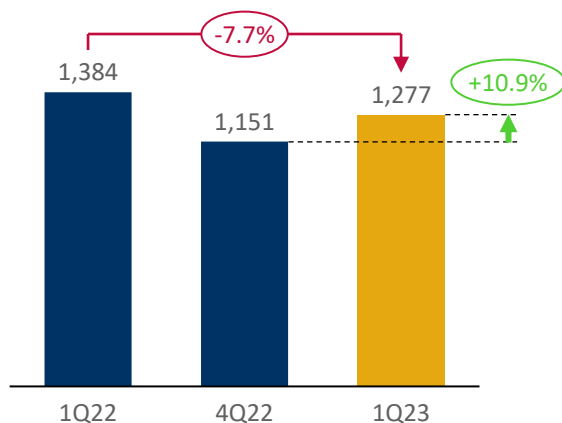
- Gradual recovery of sales volume in the domestic market, despite a beginning year in a challenging macroeconomic scenario
- Stability in retail, cutting and bending contracts, indicating resilience in the construction sector
- Good levels of activity for the energy sector, mainly solar, wind energy, oil and gas

Utilization rate

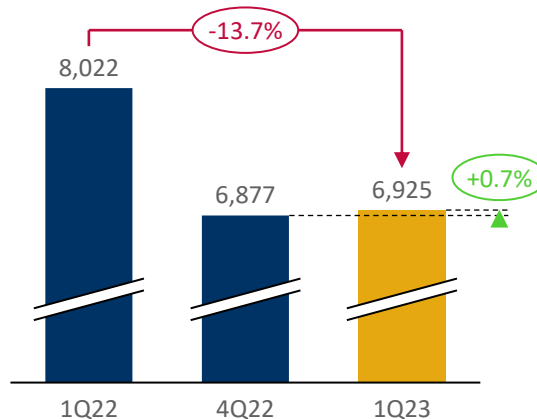
Rolled steel 63%  
Raw steel 63%

**24.2%**  
Consolidated  
EBITDA

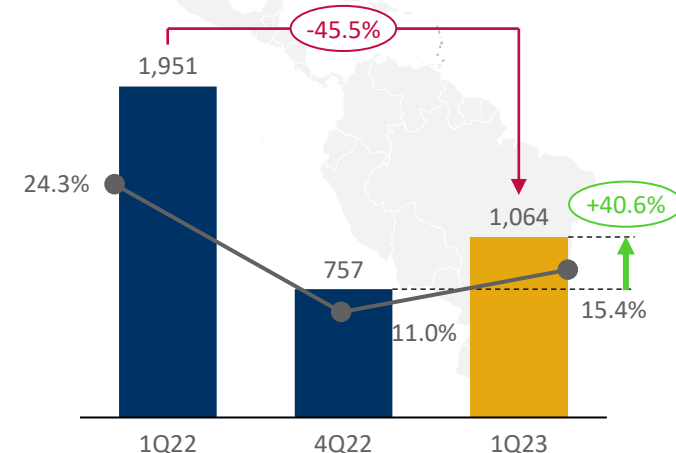
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)/ EBITDA Margin



ICST – Construction  
Confidence Index  
94.4 points <sup>1</sup>



+3%<sup>2,5</sup>  
Construction sites  
Recorded



Real Estate  
Inventories  
15.2 months <sup>3</sup>



GDP Agribusiness 2023  
8% <sup>4,5</sup>



Invest. Infra - Public and Private  
R\$ 173 billion 2023 <sup>6</sup>

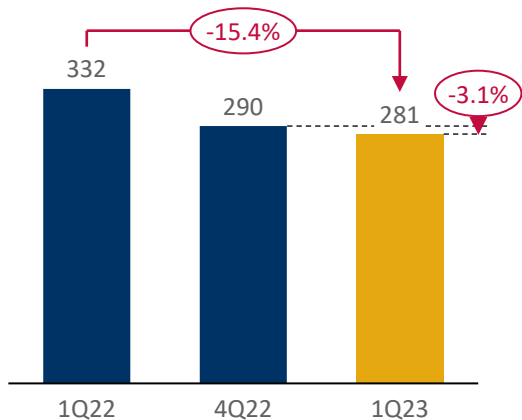
## SOUTH AMERICA BD

- **PERU:** local political and economic uncertainties, added to climate issues (Cyclone Yaku) reflected in drop volumes in the quarter
- **URUGUAY:** volumes going towards historic levels after a period of major infrastructure works in the country
- **ARGENTINA:** construction, energy and agribusiness sectors have been driving sales in the local market
- **JOINT-VENTURES:** better performance and contribution from Dominican Republic and Colombia in South America BD result

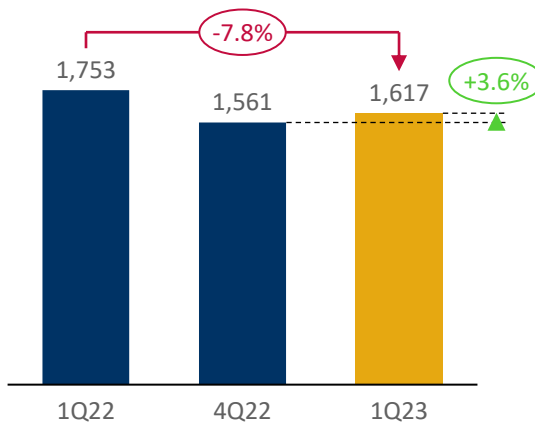
**Utilization rate**  
Rolled steel 85%  
Raw steel 67%

**11.1%**  
Consolidated  
EBITDA

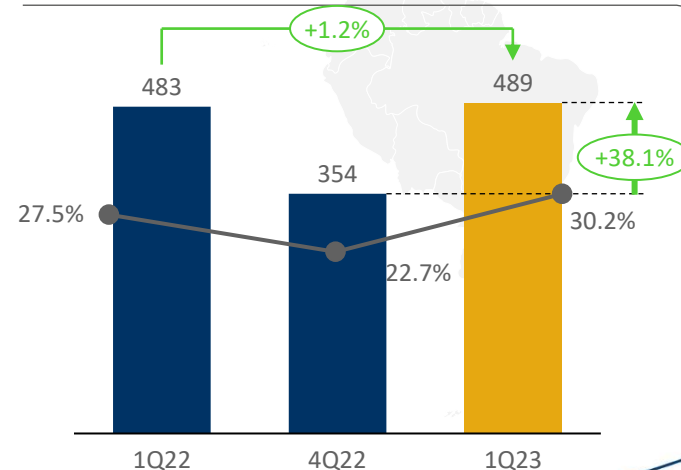
**Shipments (1,000 tonnes)**



**Net Sales (R\$ million)**



**EBITDA (R\$ million)/ EBITDA Margin**



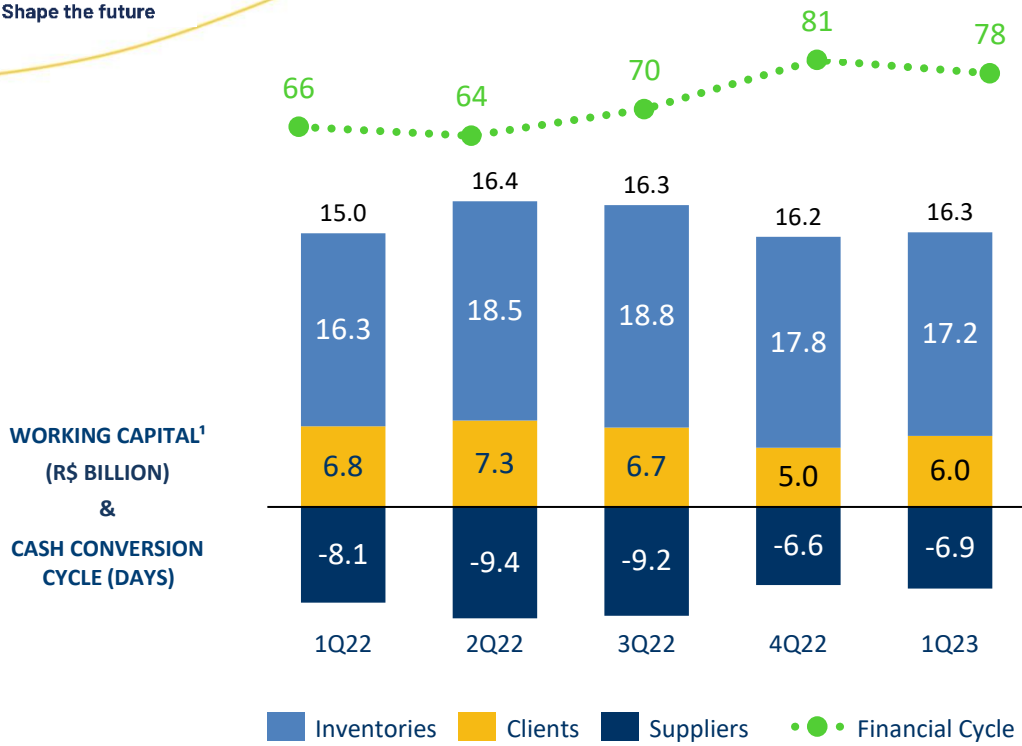
# FINANCIAL PERFORMANCE



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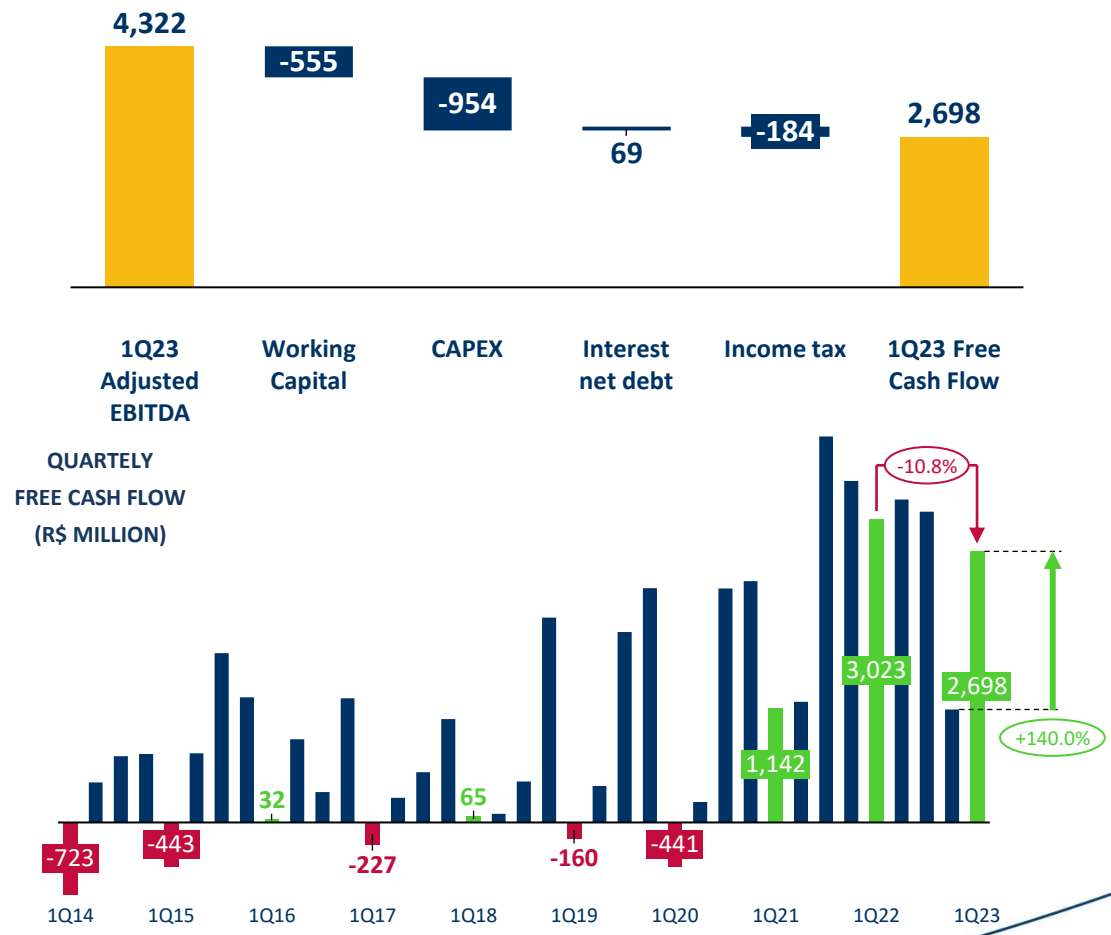




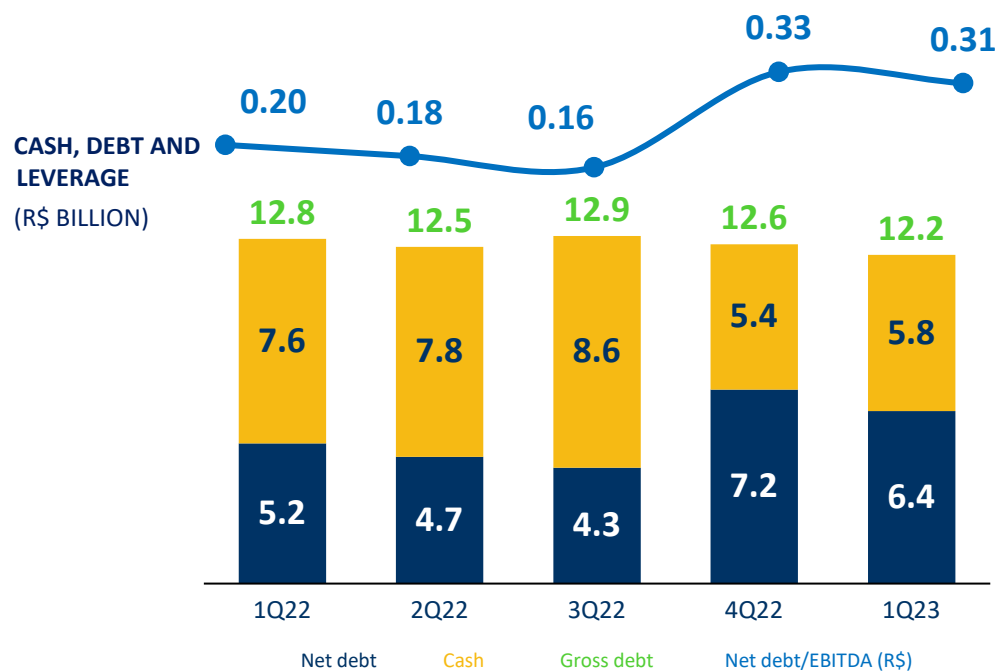
**Financial Cycle of 78 days due to the recovery of demand and lower inventories in the period**

<sup>1</sup> Considering the exchange variation of inventories, clients and suppliers

# CASH FLOW & WORKING CAPITAL



## LIQUIDITY POSITION AND DEBT AMORTIZATION (R\$ BILLION)



### FINANCIAL POLICY:

- Gross debt below R\$ 12 billion
- Average term > 6 anos
- Leverage below 1.5x

**Average term: 7.2 years**  
**Average cost: 7.4%**



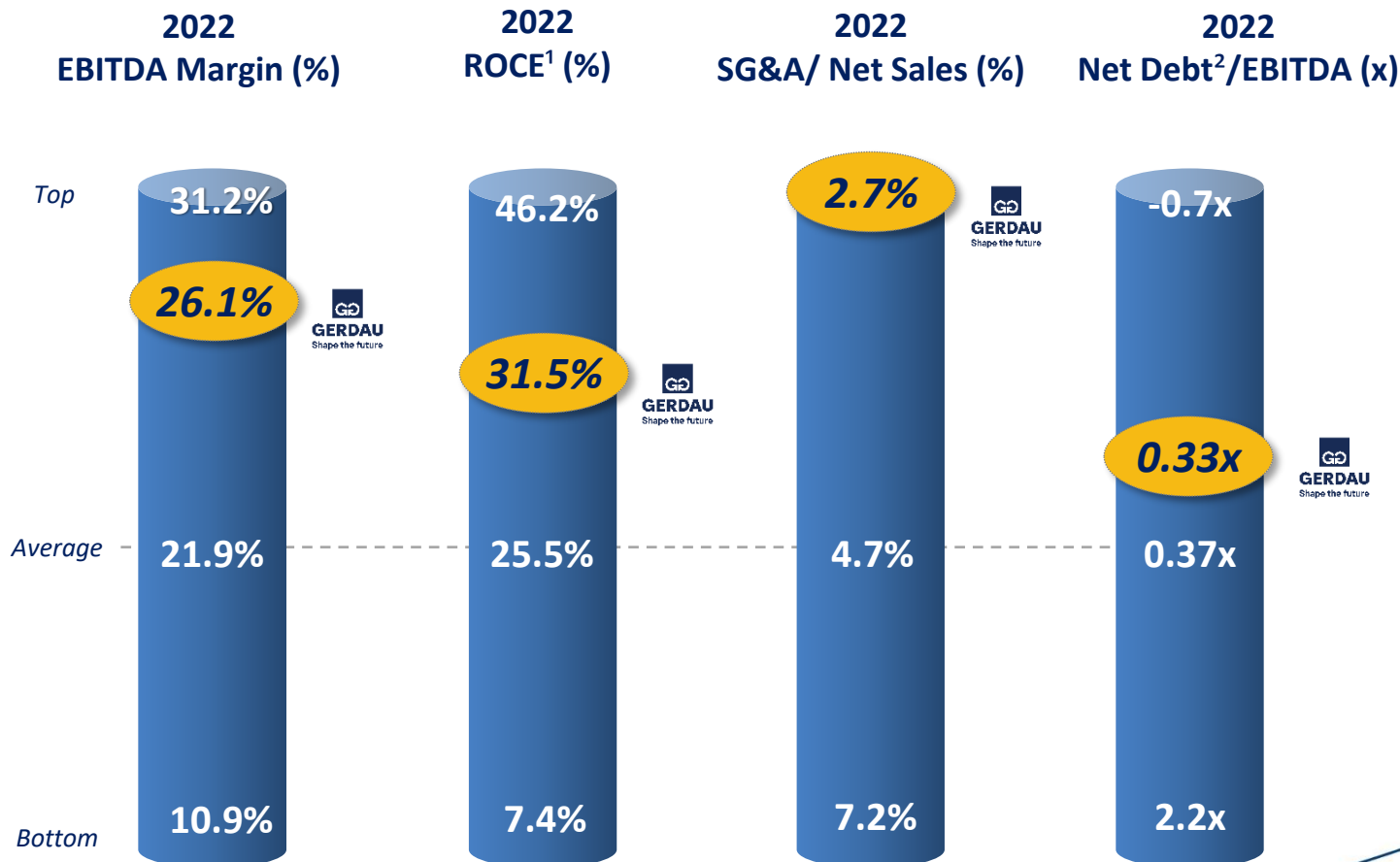
¹ Global Revolving Credit Facility

# CONSISTENT PERFORMANCE THROUGH DIFFERENT METRICS

## EARNINGS 1Q23

Interest on Equity  
and/or Dividends  
per share:

GGBR      GOAU  
**R\$ 0.51**      **R\$ 0.30**

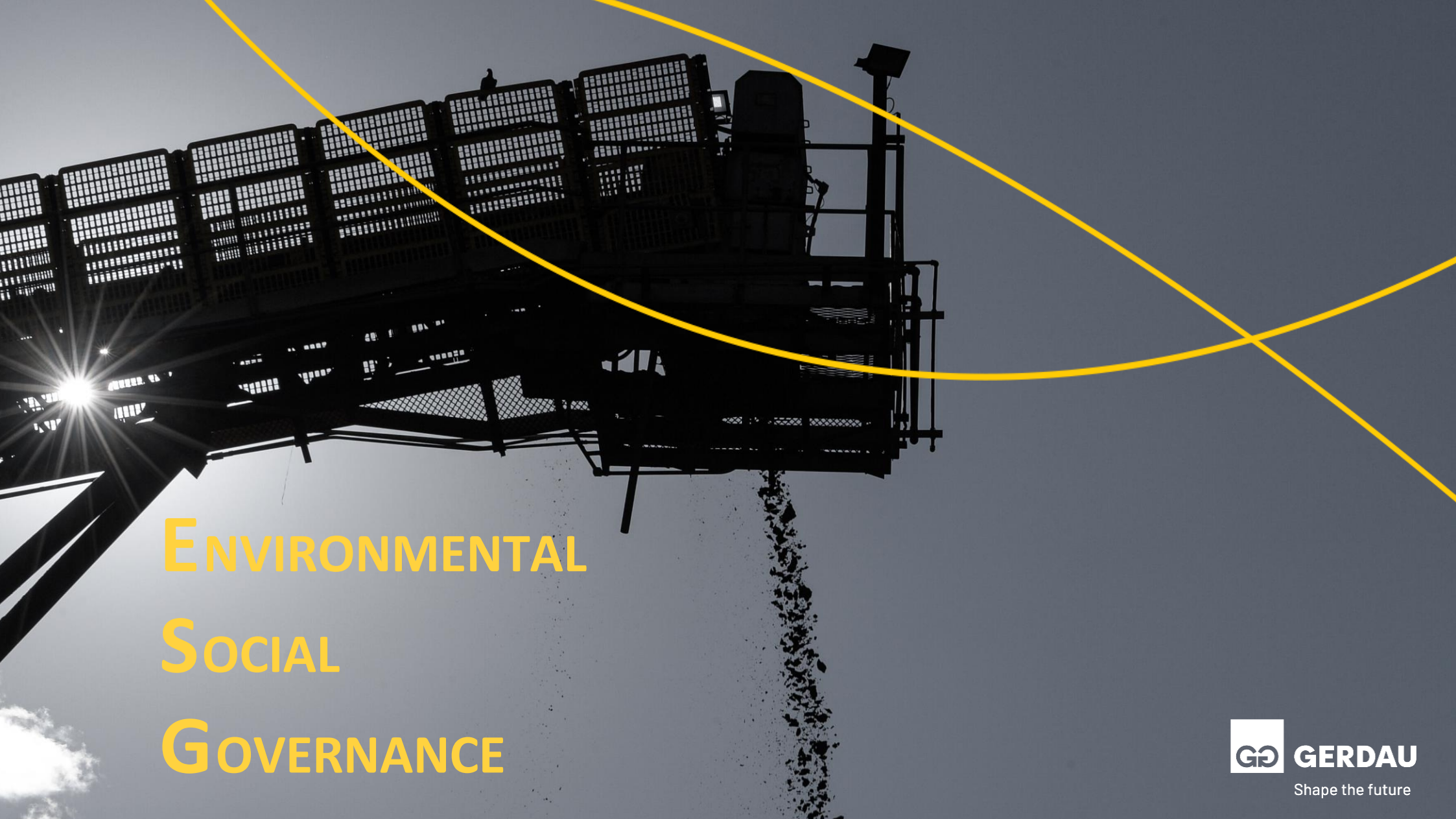


Peers: Gerdau, Arcelor Mittal, Commercial Metals, CSN, Nucor, Steel Dynamics, Ternium and Usiminas  
Source: Bloomberg, Gerdau

<sup>1</sup> ROCE: Return on capital employed calculated by Bloomberg

This content is Public.





# ENVIRONMENTAL SOCIAL GOVERNANCE

# ESG

Environmental  
Social  
Governance

Aligned with Gerdau's commitment to be **part of solutions to society's challenges** and to positively impact the regions where it is present, the **mining tailings management is a priority** within the Company

DRY STACKING



Use of the **MOST MODERN TECHNOLOGIES AND BEST MINING PRACTICES**



Since February 2023, we have been using only the **DRY STACKING METHOD TO DISPOSE OF 100% OF TAILINGS** resulting from the iron ore production process in the state of Minas Gerais



**GERDAU**  
Shape the future

**ESG**

Environmental  
Social  
Governance

**GerdaU was once again recognized, by the Women in Leadership 2023, in the “Metallurgy, Steel and Mining” category, promoted by the NGO Women in Leadership in Latin America (WILL).**



## WOMEN IN LEADERSHIP

The Company was highlighted for its actions and projects aimed at qualifying and encouraging female leadership



*Today, women occupy 27% of the leadership positions*

*We aim to raise this number to 30% until 2025*



## Q&A INSTRUCTIONS

- To ask questions, click on the icon #Q&A# using the button at the bottom of your screen.
- If you want to ask a question live, mention your name via the icon #Q&A#, which will be announced for you to proceed.
- At that time, a request to turn on your microphone will appear on your screen. You can also enable your camera.



**SAVE THE DATE**  
**AUGUST 9, 2023**  
**EARNINGS RELEASE**  
**2<sup>nd</sup> QUARTER OF 2023**



[inform@gerdau.com](mailto:inform@gerdau.com)  
[www.ri.gerdau.com/en/](http://www.ri.gerdau.com/en/)

**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 risks, uncertainties, and assumptions that include, among other factors: general economic, political, and commercial conditions in Brazil and in the markets where we operate, as well as 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.



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