



Institutional Presentation



GERDAU
Shape the future



November
2020

BRAZIL



Construction: growth + resumption of construction + inventory replenishment + retail drive the strong demand recovery.



Industry: gradual return + inventory replenishment boosted the market.



Infrastructure: constructions related to energy still reaching high levels and the outlook of the resumption of other sectors.



Longs and flats spread evolution: growth of sold volumes mitigated the higher cost of raw materials.

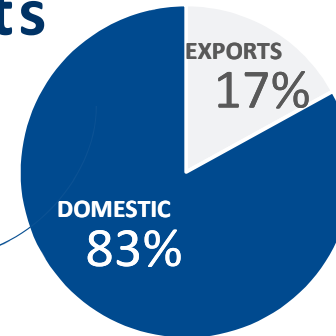


Semi Finished Exports follow with positive profitability

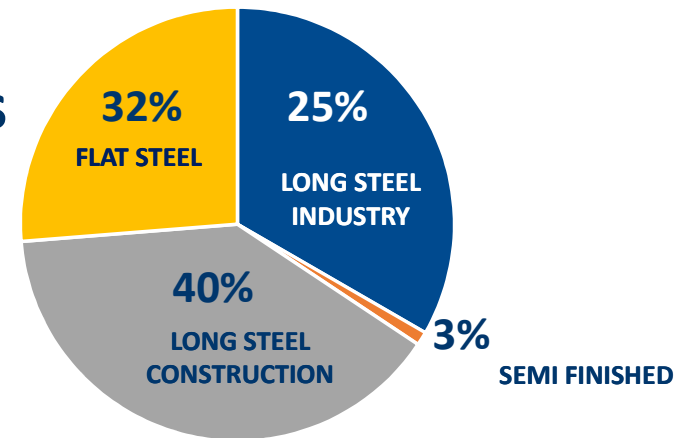


Gerdau – BD Brazil Overview

Shipments



Domestic Shipments



OURO BRANCO MILL



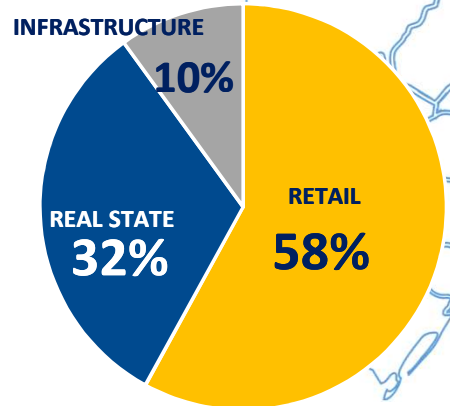
MINING



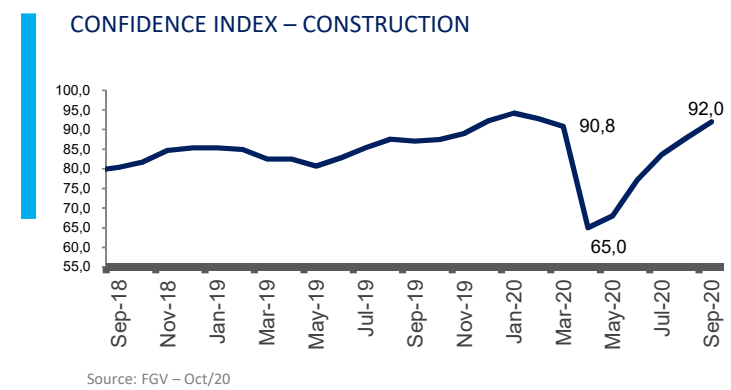
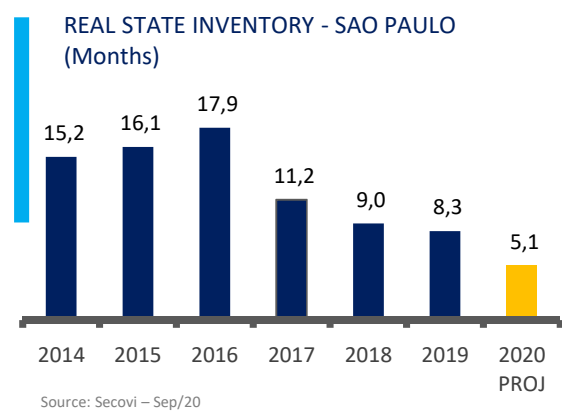
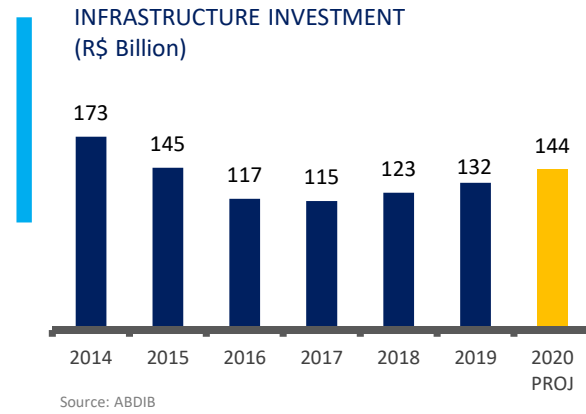
Construction Track Record



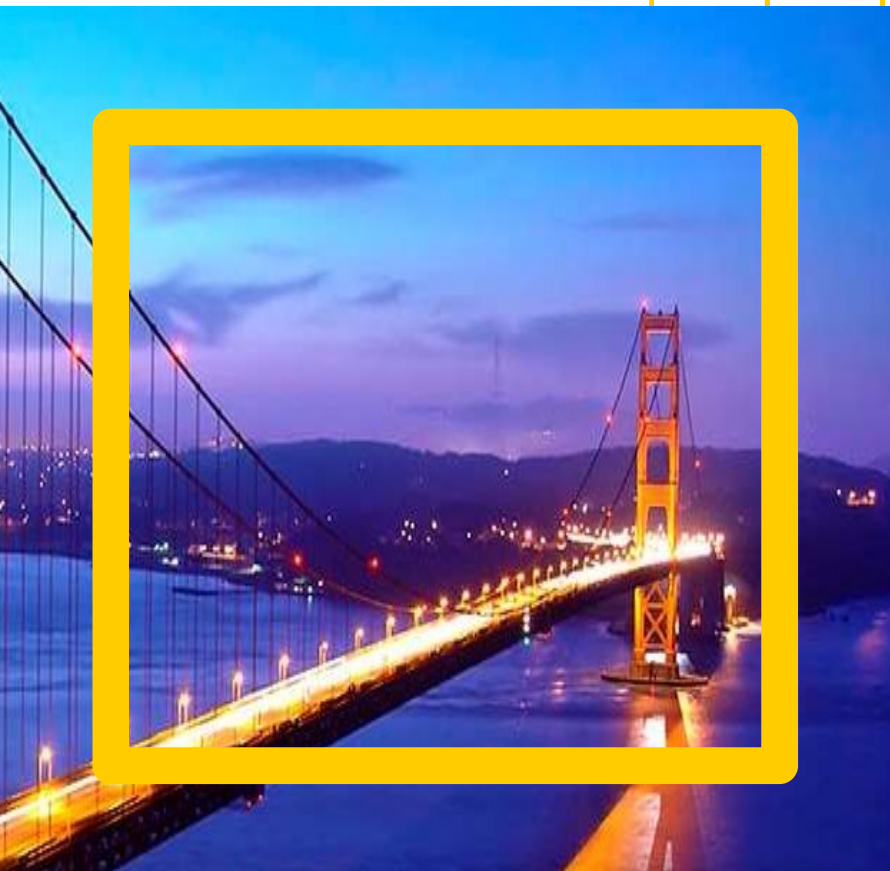
Long steel apparent use – construction (2015=100)



GROWTH SCENARIO



NORTH AMERICA



End of the most part of restrictions implemented to contain the Covid-19 pandemic.



Strong demand for construction.



Steel Buyers Sentiment Index reached the highest level since May.



Impact of Elections.



Steel production utilization rate around 70% in USA.

NORTH AMERICA

FOCUS ON CLIENTS

DIGITAL TRANSFORMATION ALLOWING ATTRACT AND RETAIN CLIENTS

DEVELOPMENT OF NEW PRODUCTS AND IMPROVEMENT OF SERVICES PROVIDED

ENTRY IN NEW MARKETS TO INCREASE FOOTPRINT

EMPOWER PEOPLE WHO BUILD THE FUTURE

FLAT ORGANIZATION DRIVEN BY EMPOWERED TEAMS ALIGNED WITH OUR STRATEGIC VISION

ATTRACTING, RETAINING AND CHALLENGING TOP DIVERSE TALENTS

BE GOOD STEWARDS PROVIDING EDUCATIONAL, FINANCIAL AND VOLUNTEERING SUPPORT TO TRANSFORM PEOPLE AND OUR COMMUNITIES - CULTURAL TRANSFORMATION IS THE FOUNDATION OF OUR SUCCESS

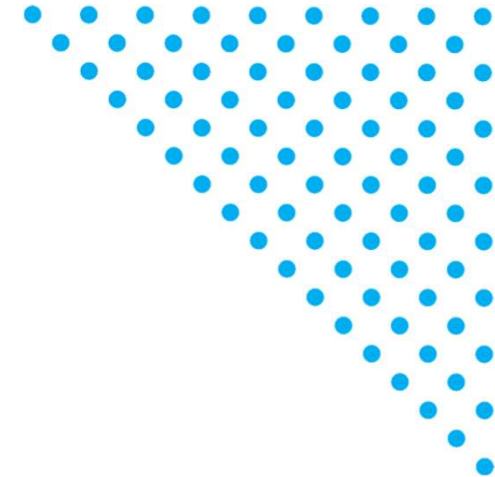
OPERATIONAL EXCELLENCE

CONTINUOUS FOCUS ON SAFETY

TO MODERNIZE AND TO UPDATE OUR MILL NETWORK THROUGH SELECTIVE CAPITAL ALLOCATION, EFFICIENCY IMPROVEMENT AND ASSETS UTILIZATION.

FOCUS ON COST MANAGEMENT THROUGH ZERO BASIS BUDGET AND EFFECTIVE USE OF WORKING CAPITAL.

IDLING OF ST. PAUL MELT SHOP AND ROLLING MILL TO SUPPORT COMPETITIVENESS AND SUSTAINABILITY.





SPECIAL STEEL



INCREASE IN CAR SALES AND INVENTORY REPLENISHMENT.

ANFAVEA REVIEW ITS PROJECTIONS OF COMMERCIAL AND HEAVY POINTING OUT A DECREASE OF 30% IN SALES AND 35% IN PRODUCTION.

RETRACTION IN THE BRAZILIAN VEHICLES EXPORTS ESTIMATED IN MORE THAN 35%.

BRAZILIAN CAPACITY PREPARED FOR A 5.5 MILLION OF VEHICLES PRODUCTION AND ESTIMATING 1.9 MILLION PRODUCTION UNTIL THE END OF 2020.

ARGENTINA FACING A VEHICLES SALES DECREASE OF 30% IN 2020.

USA: AUTOMOTIVE MARKET RESUMING WITH A 4 MILLION VEHICLES SOLD IN THIRD QUARTER.

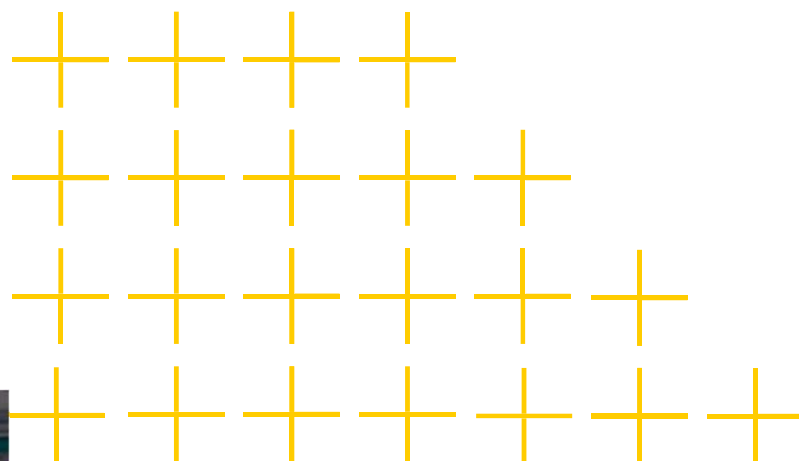
3Q: AUTOMOTIVE PRODUCTION FLAT COMPARING YEAR-ON-YEAR, PRESSURED BY THE LOWER LEVELS OF INVENTORY.

HEAVY VEHICLES PRODUCTION REACHING PREVIOUS PANDEMIC LEVELS, BUT BELOW 2018-2019 INDICATORS.

IN OCTOBER, NET SALES REACHED THE HIGHEST LEVEL FROM THE PAST TWO YEAR, INDICATING RESUMPTION.

AGRICULTURE AND CONSTRUCTION SECTORS BRINGING OPPORTUNITIES.

South AMERICA



Peru

- The new inflation projection shall be below 1%, due to a contraction in the domestic demand and imported inflation.
- Projected GDP for 2020, as a consequence of Covid-19, is estimated in -12.7%.
- Investments from G2G of US\$2.5 billion should start materializing early 2021.



Argentina e Uruguay

- Sustained gains of market share and profitability

FINANCIAL RESULTS



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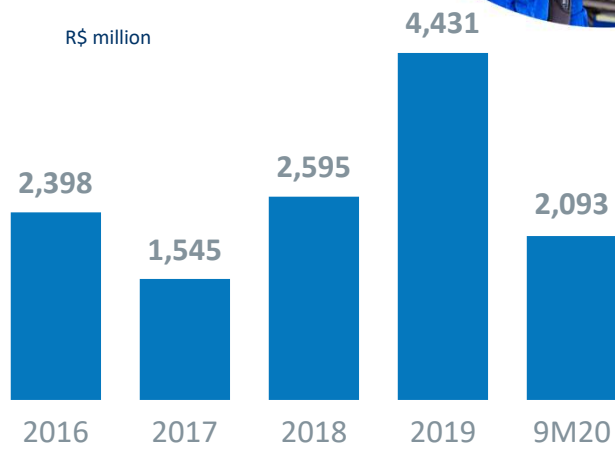


FCF

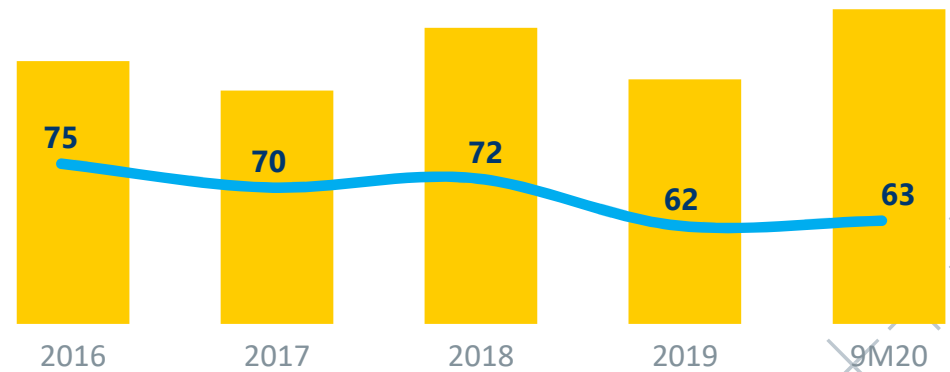


Free Cash Flow

R\$ million



Working Capital and Financial Cycle



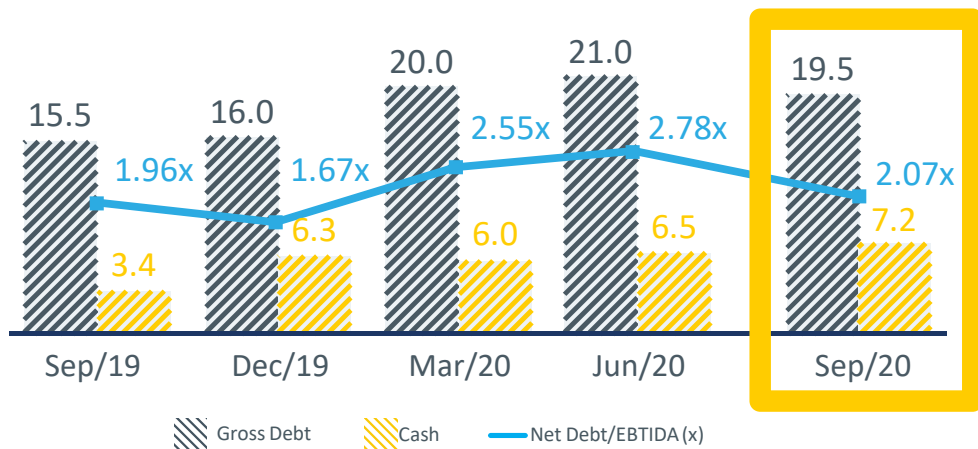
■ Working Capital (R\$ billion)

— Financial Cycle

LIQUIDITY AND INDEBTNESS

Long debt profile

Debt (R\$ billion) and Leverage (x)



Debt Amortization Schedule

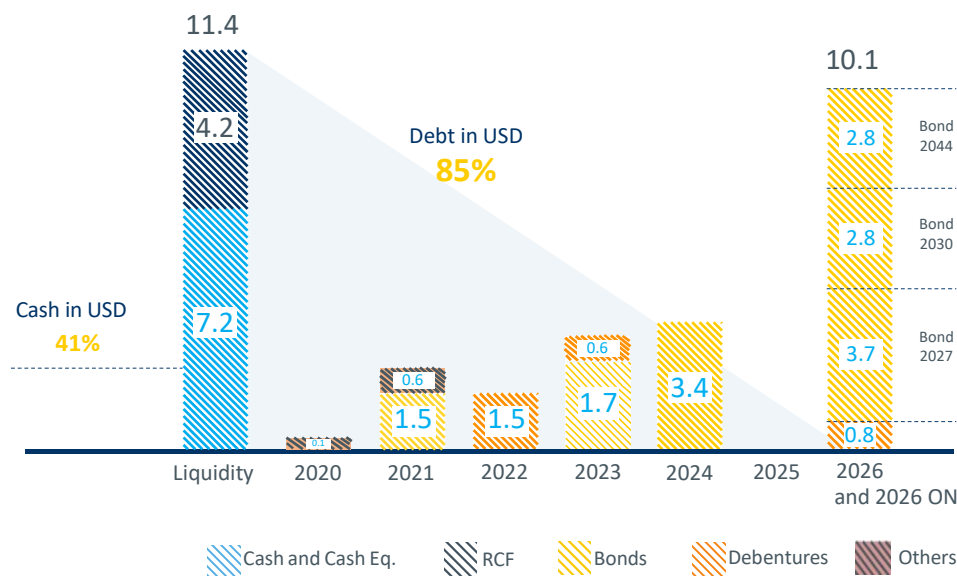
R\$ billion

Average cost

4.9% p.a.

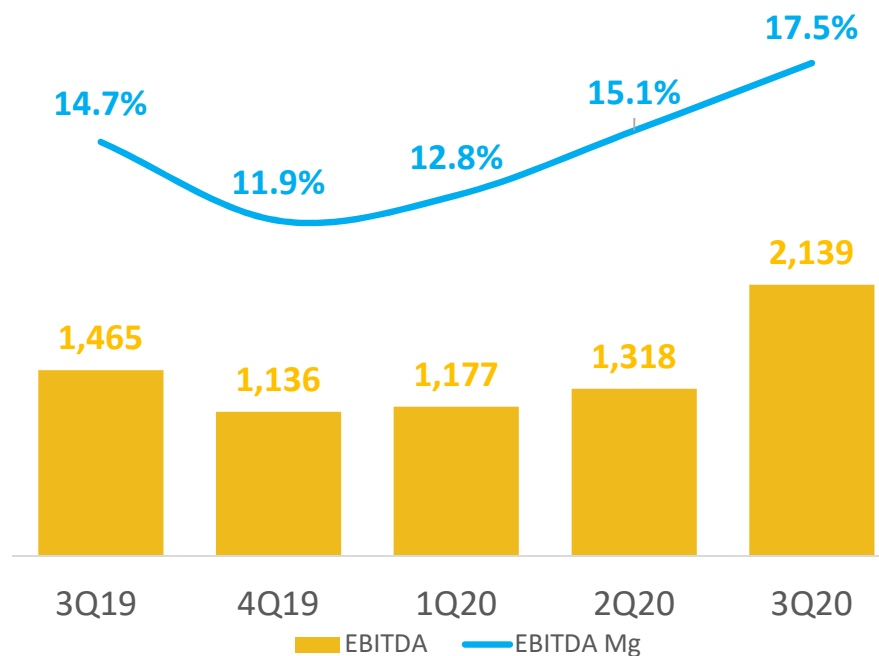
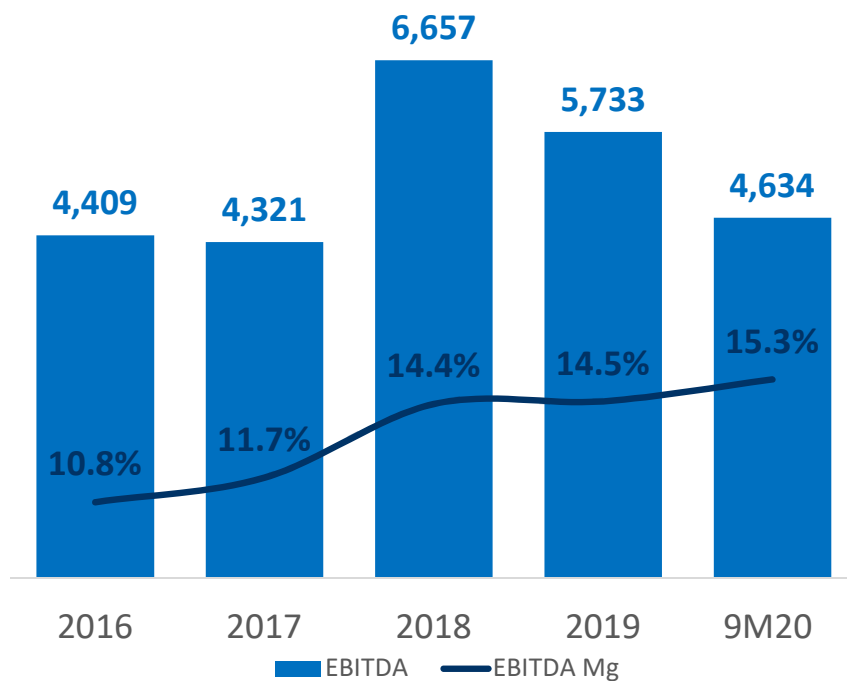
Duration

7.7 years



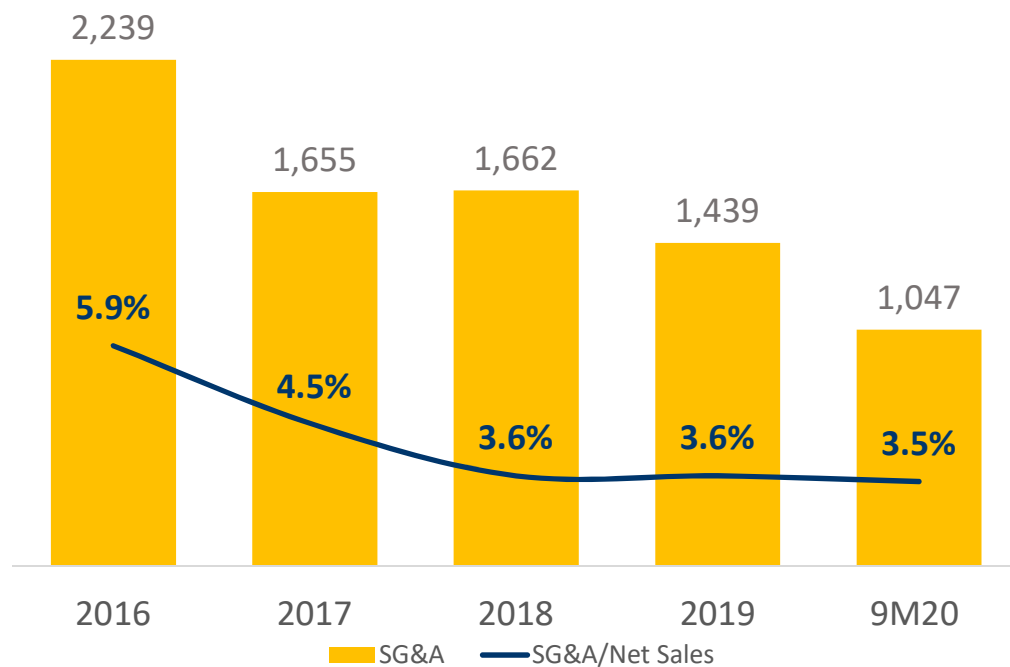
EBITDA

R\$ million



SG&A

R\$ million

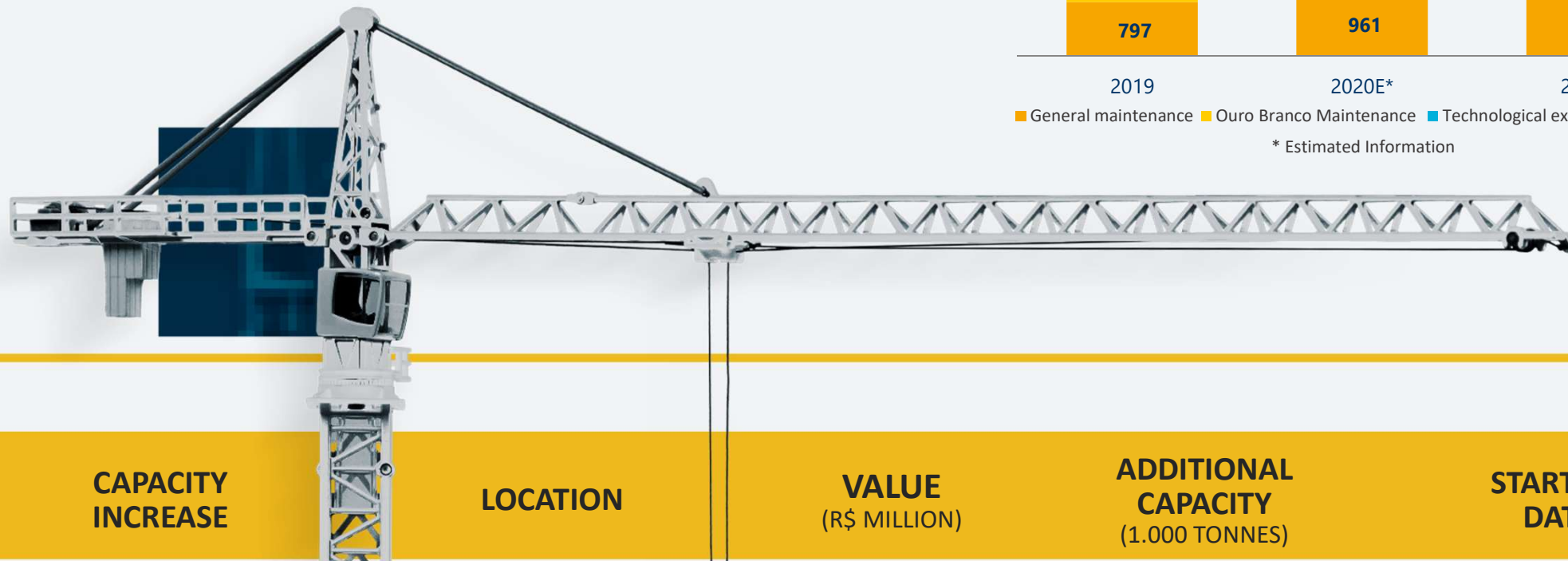
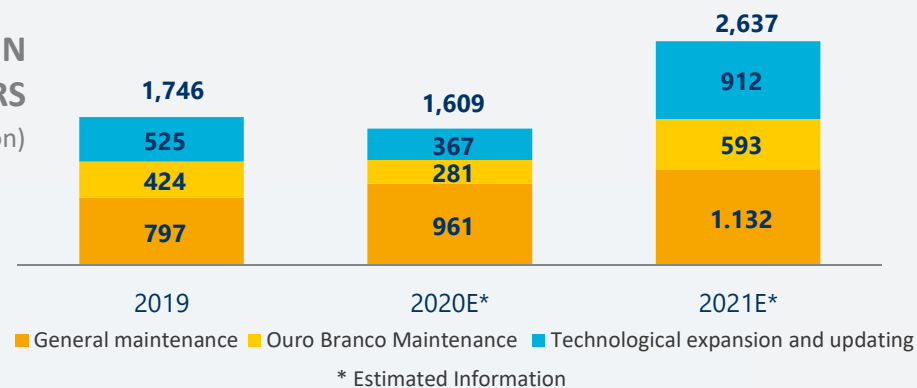


3Q20 SG&A/Net Sales reached 3.0%.

This is the historical lowest level recorded by Gerdau.

CAPEX

R\$ 6 BILLIONS IN
3 YEARS
(R\$ million)



CAPACITY INCREASE	LOCATION	VALUE (R\$ MILLION)	ADDITIONAL CAPACITY (1.000 TONNES)	START-UP DATE
Beams and Merchant Bar	North America	456	530	2021
SBQ	Pindamonhangaba - SP	532	400	2020
SBQ	Monroe - Michigan	266	160	2020

GERDAU NEXT

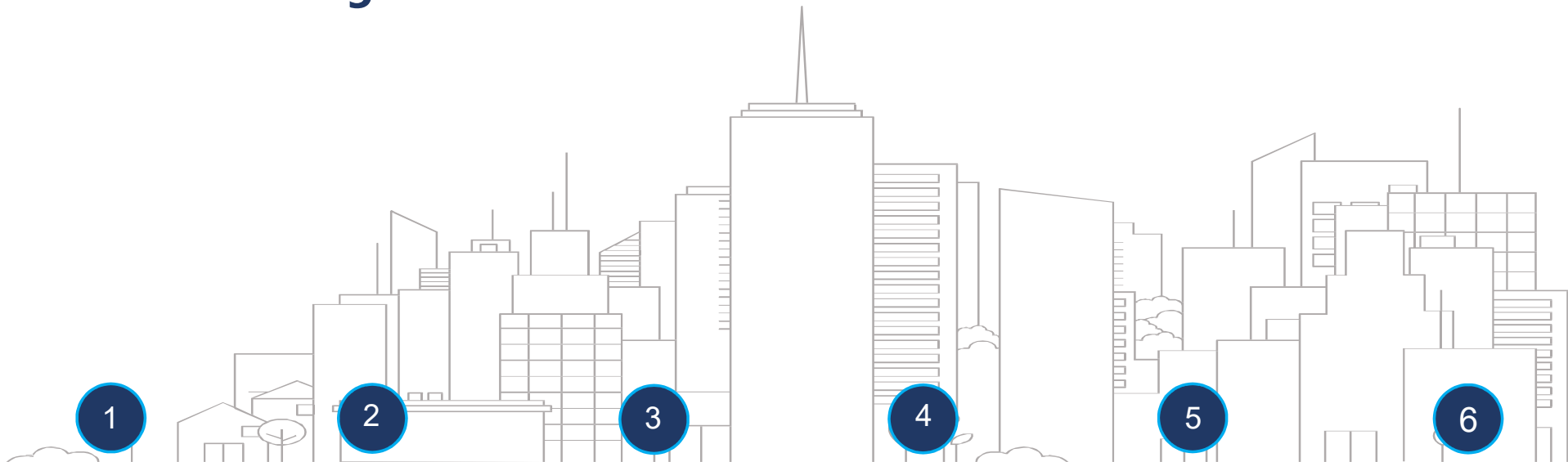


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GERDAU NEXT

Focus areas for growth



1
TECHNOLOGY TO INCREASE PRODUCTIVITY IN CONSTRUCTION



2
DEVELOPMENT IN LOGISTICS AND INFRASTRUCTURE



3
OPPORTUNITIES THROUGH THE STRENGTH IN THE SCRAP AND METTALICS COLLECT



4
NEW RENEWABLE ENERGY PROFITABLE BUSINESSES



5
ADVANCED MATERIALS AND SUBSTITUTE PRODUCTS



6
DIGITAL MINDSET INTEGRATED WITH GERDAU NEXT

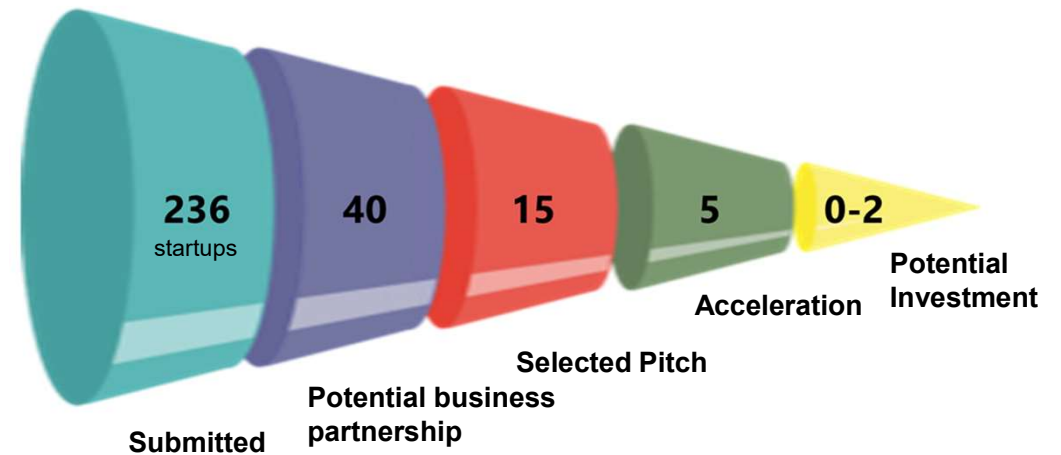


VENTURES GERDAU

- GERDAU STARTUPS ACCELERATOR, LAUCHED IN AUG,25TH.
- 1ST LOT PROMOTING ENTREPRENEURSHIP WITH “CONSTRUTECHS”
- PARTNERSHIP WITH STARTSE, TERRACOTTA, ACE AND AUTODESK.



**#1 Lot
Construtechs**
250k+ social media
interaction



- EXTENSIVE DATA BASE OF CONSTRUTECHS IN BRAZIL.
- CLOSELY MONITORING THE DEVELOPMENT OF STARTUPS AND NEW TECHNOLOGIES.

JUNTOS SOMOS MAIS

□ PERFORMANCE

- CREATION OF THE BIGGEST MARKETPLACE FOR CONSTRUCTION MATERIALS, TRANSFORMING THE EXPERIENCE FOR THE CONSTRUCTION STORES , THE CONSTRUCTION PROFESSIONALS AND FINAL COSUMERS.
- *JUNTOS SOMOS MAIS* FIGURES:
 - MORE THAN 20 ASSOCIATED COMPANIES
 - MORE THAN 80 THOUSAND OF STORES REACHED
 - MORE THAN 350 THOUSAND PROFESSIONALS

□ ACQUISITION OF TRIIDER



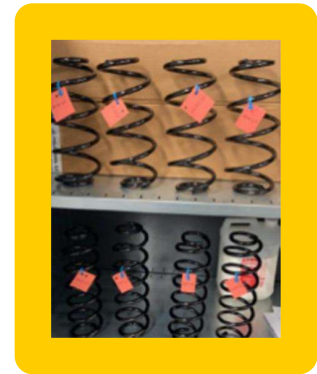
What is Triider

- STARTUP OF MARKETPLACE TO CONSTRUCTIONS AND REFORMS WORKS SERVICES.
- BUSINESS MODEL FOCUSED ON TAKE RATE – 16% OF SERVICE.
- LAUNCHED IN PORTO ALEGRE, BRAZIL (ACTIVE IN 10 CITIES), 1K PROFESSIONALS, 30K+ SERVICES.

Graphene

□ DEVELOPMENT IN MACHESTER AND CHINA

- GERDAU INITIATED 1ST GRAPHENE PRODUCTION LOT IN MACHESTER, IN AUGUST 19TH.
 - BASED ON THE REGISTERED PATENT IN THE UNITED KINGDOM IN JUNE, 2020.
- TESTING MARKET ATTRACTIVENESS FOR GRAPHENE APPLICATION.

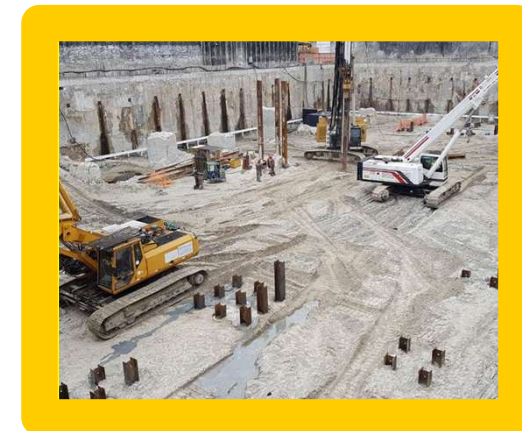


Gerdau graphene
produced in Manchester, USA

G2Base

□ MONETIZATION FOR THE CHAIN INTEGRATION

- GERDAU'S CONSTRUTECH WHICH INDUSTRIALIZE THE STEEL FOUNDATION.
- TOTAL MARKET OF R\$5 BILLION.
- BUSINESS / NEW COMPANY LAUNCH IN NEW YORK APPROVED IN AUGUST 20TH.



***Praia Grande (Santos)
Hospital***

***Foundation concluded
in 2020
1,100 t***

ESG

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE

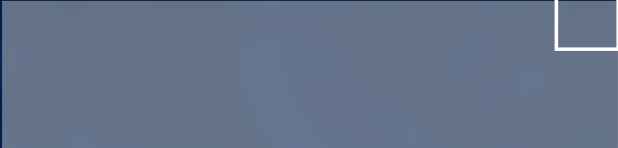


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SCENARIO



- Clients**
- Employees**
- Capital market**
- Banks**
- Rating agencies**
- Supplier**
- Community**
- Regulator and self-regulator**



ESG ACTION PLAN



Environmental

Social

Governance





Corporate Governance

CULTURAL TRANSFORMATION



Safety first

No result is more important than people's lives.



Do the right thing

Ethics and respect are essential in everything we do.



Every customer is unique

We work to make our client's business thrive, driving joint success.



Autonomy

We take responsibility in making the best decisions for the business.



We are all leaders

We are engaged and committed to our development and that of the people around us.



Creating value for all

We fulfill our purpose by sustainably creating value for all our audiences.



Openness

We don't know everything and we believe that a team always achieves better results than individuals.



Diverse and inclusive environment

We create a diverse and inclusive environment where everyone is heard, respected and has opportunities.



Simplicity

We focus on what adds value. As a result, we are more agile and gain productivity.



Learn, unlearn, relearn

We believe that in order to continue evolving, it is essential to adapt to new scenarios, innovating and finding better ways of working.

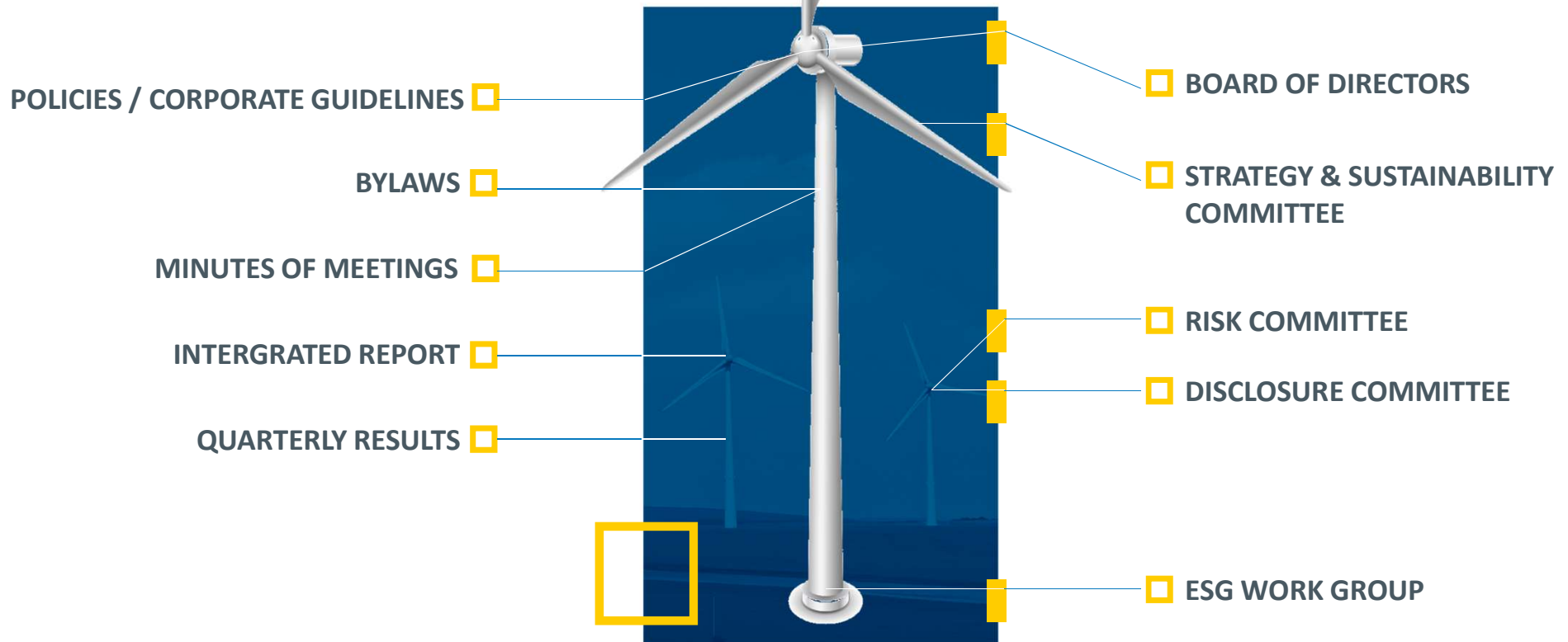


Disclosure

Efforts

Decision-making

Process



Dimension	Indicators
 Environmental	Greenhouses gases by volume of steel (tCO ₂ /t steel) Water Consumption (m ³ /t steel) % reuse of co-products
 Social	% of active volunteers Number of people benefited % of social investments made in relation of gross profit
 People	% of women in leadership position % of women in the company % of black people in leadership positions % de PwDs in the Company Health and Safety index (severity rate)
 Governance	ICVM 586 – Brazilian Corporate Governance Code ISS – Institutional Shareholder Services EVA – Economic Value Added (managerial information) DVA – Value Added Statement (R\$ million) Personnel Taxes, fees and contributions (R\$) Remuneration of third-party capital (R\$) Return on Equity (R\$)



Scorecard

ESG

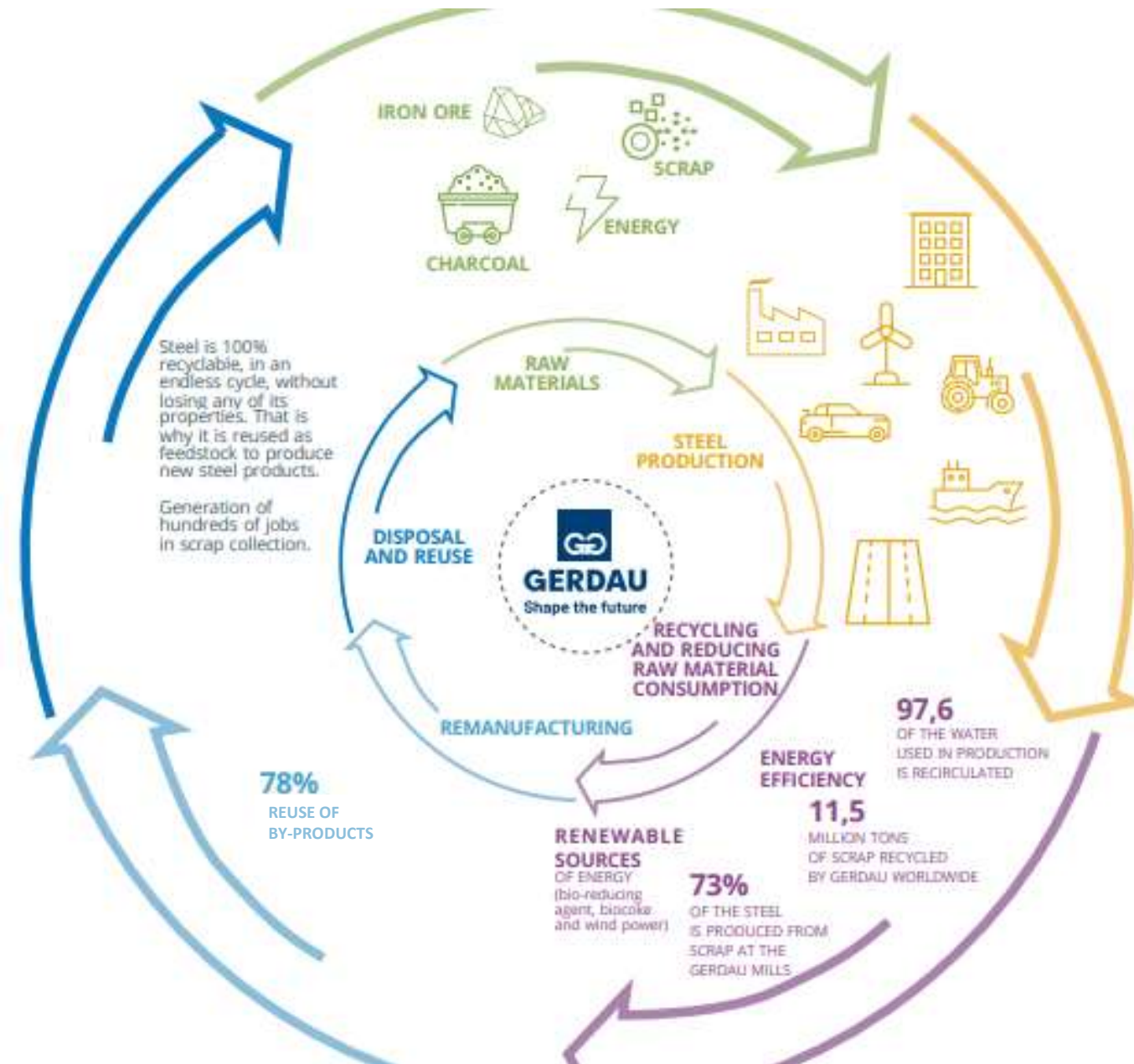


An aerial photograph of a wind farm at dusk or dawn. Two large white wind turbines are prominent in the foreground and middle ground. The landscape is a mix of open fields and dense forests. The sky is a deep blue. The word "Environmental" is written in large, white, sans-serif font across the center of the image. In the bottom right corner, there is a small yellow vertical bar and a white square outline.

Environmental

Circular

Economy



Gerdau has adopted the principles of circular economy as part of its sustainability strategy. In this way, the company works to optimize the use of natural resources, encourages the use of recyclable raw materials — in particular ferrous scrap — and reuses waste in the form of co-products.



Environmental Actions

Gerdau has a **Sustainability Policy** and an **Environmental Management System** in place that reaffirm the company's commitment to creating value for its stakeholders and is in line with regulatory guidelines.



- 254.867 hectares at Gerdau Florestal
- 91.4 thousand hectares of biodiversity conservation area, with 74.8 thousand hectares of Legal Reserve and APP

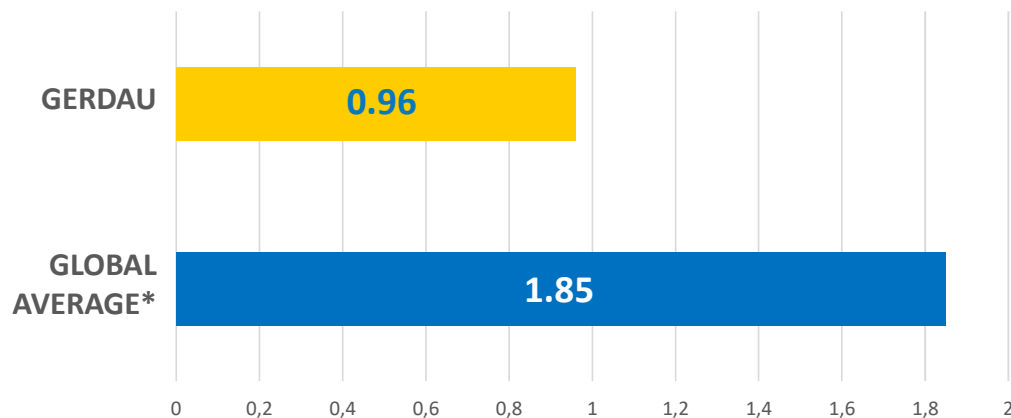


Own renewable eucalyptus forests in Minas Gerais (Brazil).

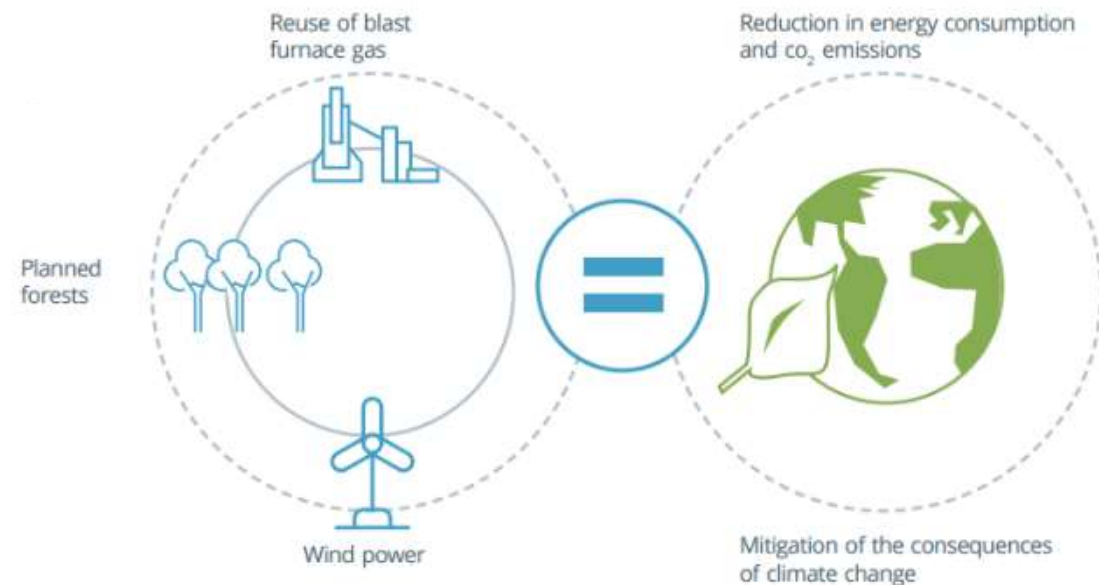
Transparency in Carbon Emissions

Gerdau's greenhouse gas emissions totaled 11,947,505 tons of CO₂e in 2019. Emissions from electricity consumed (scope 2) accounted for 24% of the total.

□ CARBON INTENSITY (tCO₂e / t steel)



* Source: World Steel Association.



□ HIGHLIGHTS

- Use of bio-reducing agents as the main input in the integrated steelmaking units.
- Reuses of the gases generated.
- Production is from scrap.

COMMITMENT



Water Reuse

Water management is part of Gerdau's **strategy**

The company continually invests in efficient water recirculation programs, contributing to reducing withdrawal of new water, the volume of effluents, and the environmental impact of discharging these effluents by the operations.

▣ **97.6% of the water used in production is reused**

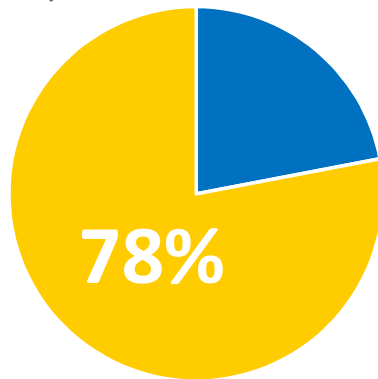


Gerdau Germinar Biocenter — Ouro Branco (MG).

Management of By-products

In 2019, the Gerdau generated reused **78%** of these materials internally or in external partnerships.

- REUTILIZATION
- RECYCLE
- RECLAIMING



The Gerdau it has a Research & Development area able to analyze the production chain in order to reduce generation of industrial waste, qualifying it as by-product to be recycled and reused internally in Gerdau's processes and mills, and externally in third-party processes through innovative solutions.



Recycling of Scrap

Gerdau scrap Yard.





Social

Safety

SAFETY DAY

The Company celebrates World Day for Safety and Health at Work, promoted by the UN on April 28, every year. The celebration includes a general stoppage of activities at all plants to reflect on safety and continue with an entire week of activities coordinated around this topic. It is an event that brings employees' families into the units. In 2020, when the 20th anniversary of Gerdau's Safety Policy is also celebrated, a global contest was held, between employees and Family members, to choose a new logo for Gerdau's Safety System.



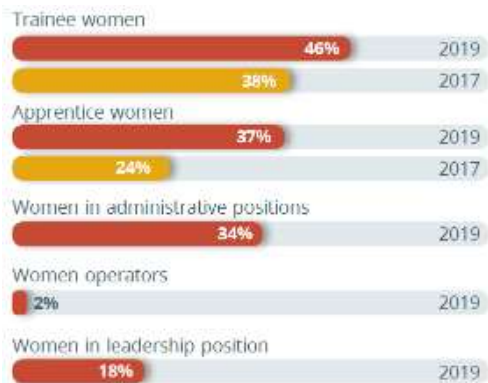
RECOGNIZED WORK

In 2019, Gerdau received the recognition for Excellence in Health and Safety from worldsteel, the main global entity in the steel sector. The award recognized the work done by the Company in reducing the number of highly severe accidents, a result that was reinforced by the attainment of the lowest accident severity rate in the Company's history.

□ An innovative accident risk prediction model – Safety Analytics – was implemented in almost every Gerdau mill in Brazil, which uses Artificial Intelligence and Machine Learning to predict occupational accidents.

Diversity and Inclusion

Our Diversity and Inclusion strategy is defined by acting on 4 aims:



Learning Program:
100+ PwD
trained in Gerdau's operations

2%
of PwDs in the workforce



Social name
systems and processes updated to allow for the use of their social names in the company



FACTS



Social

Responsibility



2019 numbers:



64,500

PEOPLE BENEFITED



R\$ 18.5 million
SOCIAL INVESTMENTS



+6,400

VOLUNTEERS WORKING



400
SOCIAL PROJECTS



ENTREPRENEURSHIP AND HOUSING

Gerdau believes that working in network is better and more effective than conducting individual initiatives. This is how Lab Habitação works, managed by Gerdau and which has a partnership with companies and NGOs ([learn more on page 70](#)).



ENTREPRENEURSHIP AND RECYCLING

The company supports initiatives aimed at recycling materials while improving the quality of life of the population that works with recycling ([learn more on page 71](#)).



ENTREPRENEURSHIP AND EDUCATION

The topic of education has always been present in Gerdau's social projects and is currently responsible for the great voluntary engagement of the company's employees ([learn more on page 71](#)).



Certification B Company

Journey to become a Certified B Company

Since 2019, Gerdau is committed to becoming a Certified B Company in 5 years. Starting with the operation in Brazil that seeks to obtain **certification** throughout 2021.

The Company B is an international recognition for the high ESG standards within the organization.

In addition to the certification journey, Gerdau was invited to be part of the **B Movement Builder**, a group of multinationals that will lead the movement globally.



LET'S GET TO WORK

Dear Business Roundtable CEOs,

We are part of a community of Certified B Corporations who are walking the walk of stakeholder capitalism. We are successful businesses that meet the highest standards of verified positive impact for our workers, customers, suppliers, communities and the environment.

We operate with a better model of corporate governance – benefit corporation governance – which gives us, and could give you, a way to combat short-termism and the freedom to make decisions to balance profit and purpose.

As you know, with continued assistance from investors on this new definition of business, we've got work to do to help them see that stakeholder governance builds trust and builds value.

What to watch for now that CEOs have rewritten the purpose of the corporation



COMMITMENTS





GERDAU

Shape the future

INVESTOR RELATIONS

CFO & IRO: Harley Scardoelli

IR General Manager: Rodrigo Maia

IR Team: Camila Rohr, Kelly Barna, Rafael Mingone and Nicolý Serpa

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