

# EARNINGS RELEASE

Steel production at the  
Jackson (TN) Plant

FIRST QUARTER | 2024

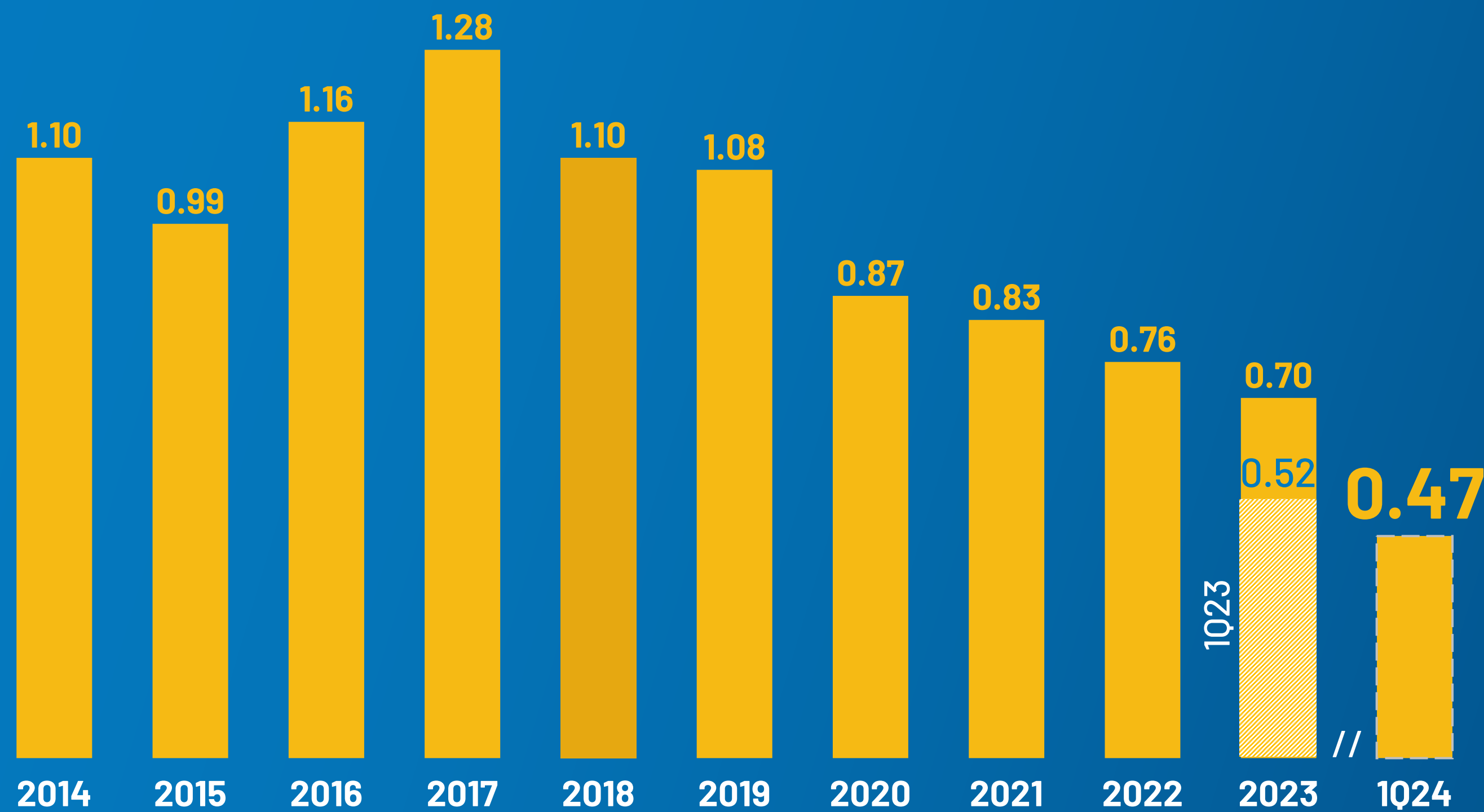
Gerdau S.A.



**GERDAU**  
Shape the future

# WORKPLACE SAFETY

Focused on people's safety, we ended the first quarter of 2024 with an Accident Frequency Rate<sup>1</sup> of 0.47



1. Number of Accidents per Million Hours Worked per Gerdau Employee



# MACRO SCENARIO

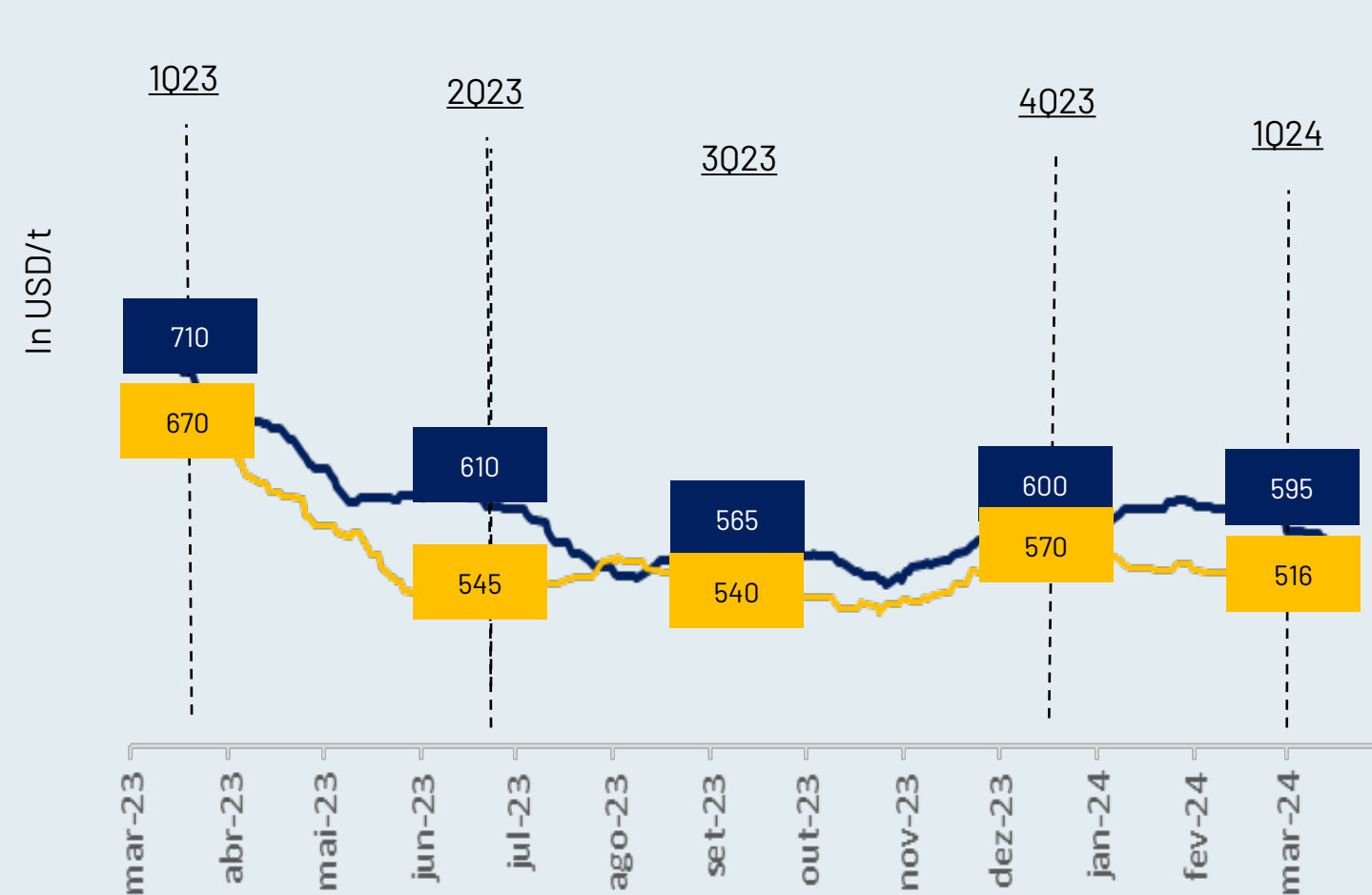
## THE ENVIRONMENT WAS MARKED BY GEOPOLITICAL CONFLICTS AND GLOBAL STEEL OVERSUPPLY

**BRAZIL:** The IMF increased its projections for Brazil's GDP growth in 2024 from 1.7% (January projection) to 2.2% and in and 2025 from 1.9% to 2.1%. According to the Fund, the estimate revisions were based on the expectation of fiscal consolidation and the impacts of a contractionary monetary policy on inflation.

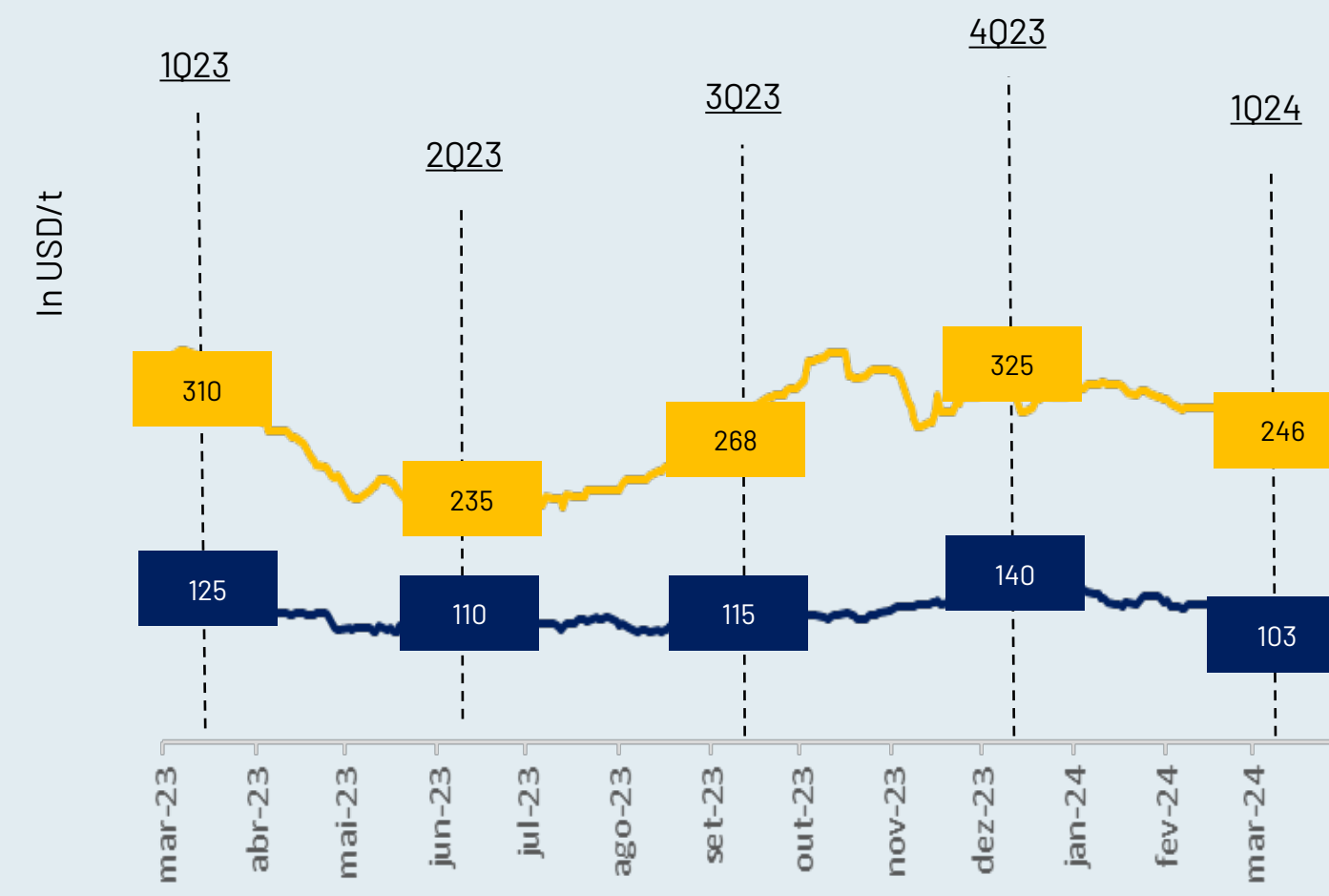
**NORTH AMERICA:** The IMF raised its forecast for economic growth in the U.S. from 2.1% to 2.7%. The Fund highlights higher-than-expected growth in the fourth quarter of 2023, with prospects for the momentum to partially continue in 2024. Mexico's GDP growth forecast was downgraded from 2.7% to 2.4%, as late 2023 and early 2024 results were below expectations.

**SOUTH AMERICAN COUNTRIES:** In its latest report, IMF's forecast for economic growth in Argentina remained unchanged, at -2.8%. As for Peru's economy, the Fund forecast it to grow 2.5% in 2024, versus a -0.6% print reported in 2023.

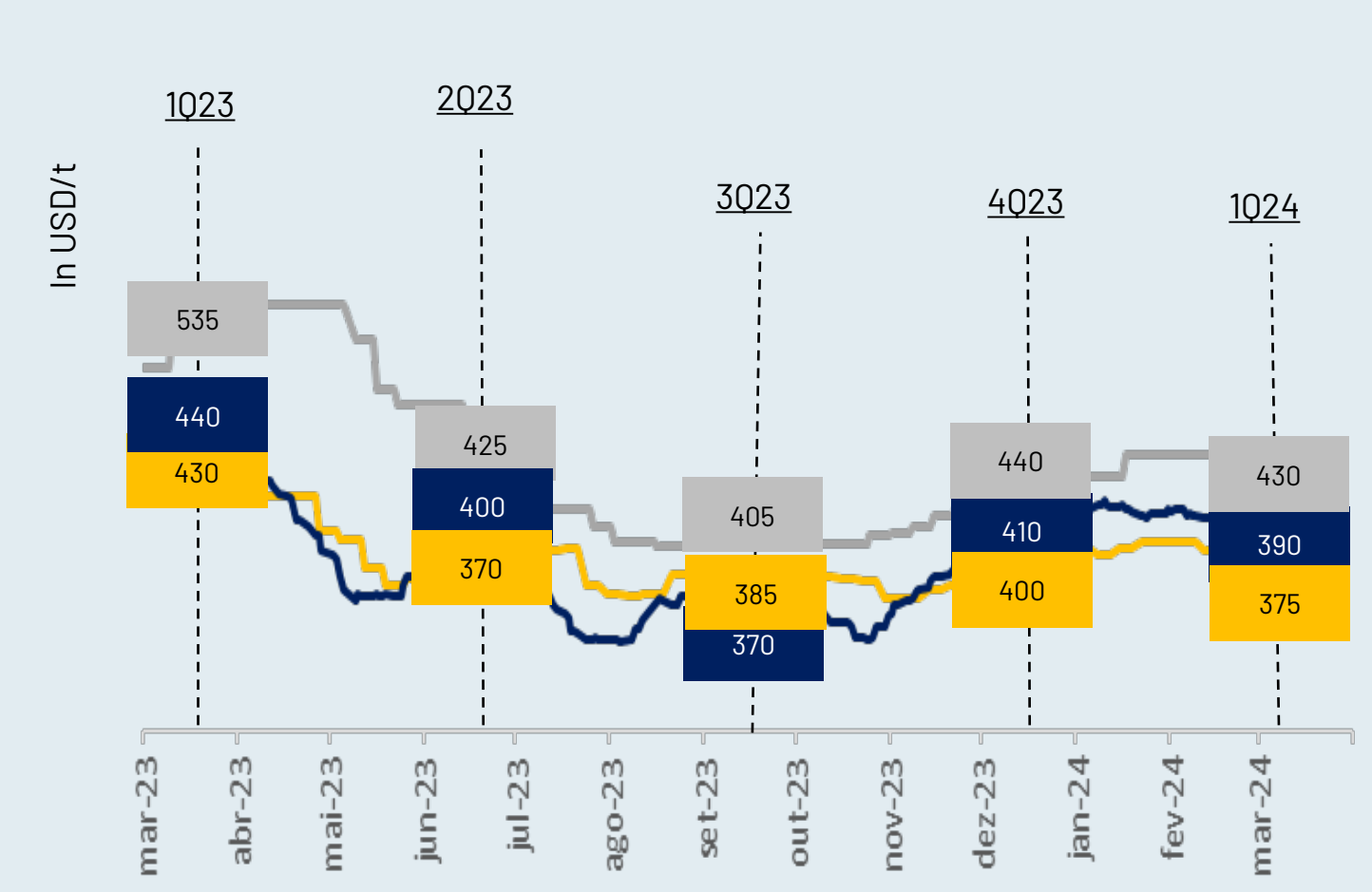
HRC & TURKISH REBAR



COAL AND IRON ORE



SCRAP AND PIG IRON



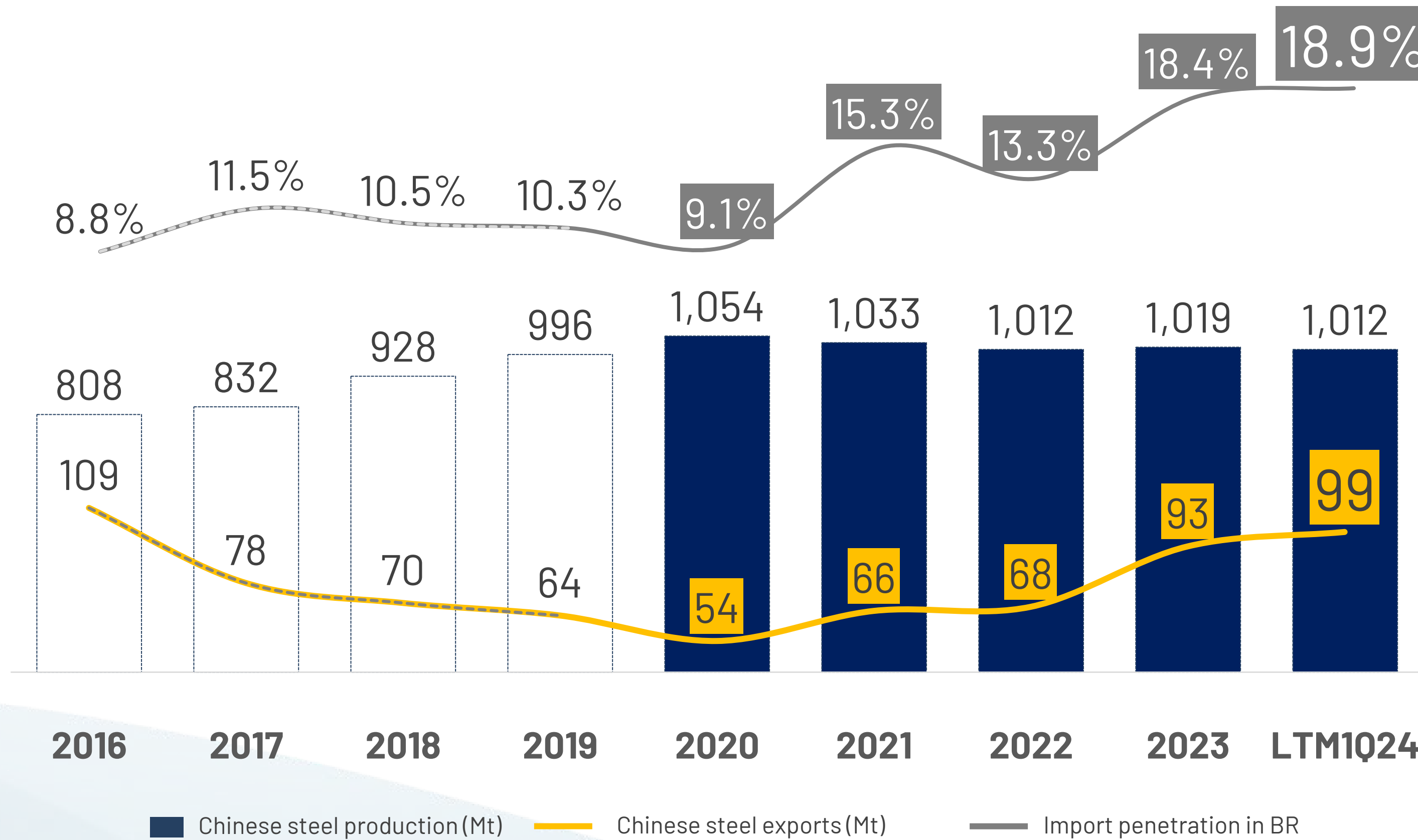
Source: S&P Global Commodity Insights

— HRC FOB China  
— Rebar FOB Turkey

— Spot HCC Peak Downs FOB Australia  
— IODEX 62% CFR China

— Scrap Turkey CFR  
— Scrap East Asia import CFR  
— Pig Iron FOB Brazil Southeastern

# STEEL IMPORTS IN BRAZIL



## IN THE LAST TWELVE MONTHS:

- ❑ **Import volumes:** ~25% higher.
- ❑ **Apparent consumption:** ~2% lower.
- ❑ **Average monthly imports:** 379 kt (~60% higher than the historical average).
- ❑ **Penetration rate:** 18.9%.
- ❑ **Volume of imported material:** ~4.6 Mt.

## MEASURES ANNOUNCED BY THE BRAZILIAN FEDERAL GOVERNMENT

- ❑ **April 23, 2024, GECEX meeting.**
- ❑ **Quotas for the importation of 11 steel products (NCMs<sup>1</sup>).**
- ❑ **Increase to 25% on import tax for volumes exceeding the quotas.**
- ❑ **The measure covers 25% of the volume sold by Gerdau in Brazil.**

Sources: Worldsteel, SteelHome, International Trade Administration, S&P Global, NBS China, and Brazil Steel Institute. Penetration Rate: Imports / Apparent Consumption.  
 1. Mercosur Common Nomenclature acronym in Portuguese.

# 1Q24 HIGHLIGHTS

## STEEL SHIPMENTS

2.7 Mt

Global steel oversupply and high penetration of imports in Brazil

## CAPEX

R\$858 M

Focus on the Business Divisions competitiveness

## ADJUSTED NET INCOME

R\$1.2 b

Higher operating results

## DIVIDENDS

R\$589 M

R\$0.28 per share  
Payment date: May 27, 2024

## ADJUSTED EBITDA

R\$2.8 b

Improvement in all Business Divisions

## BONUS SHARES

1 new share for every  
5 of the same type

## FINANCIAL LEVERAGE

0.40x  
R\$11 b

Net Debt/  
EBITDA

Gross  
Debt

## AWARDS

1<sup>st</sup> place in the  
2023 Merco Ranking  
"Mining, Steel, and Metallurgy"  
category

# PERFORMANCE BY BUSINESS DIVISION (BD)

ROMULO JESUINO DA SILVA  
— Ouro Branco Plant (MG)

# NORTH AMERICA BD

**UTILIZATION RATE**

Rolled steel **94%**

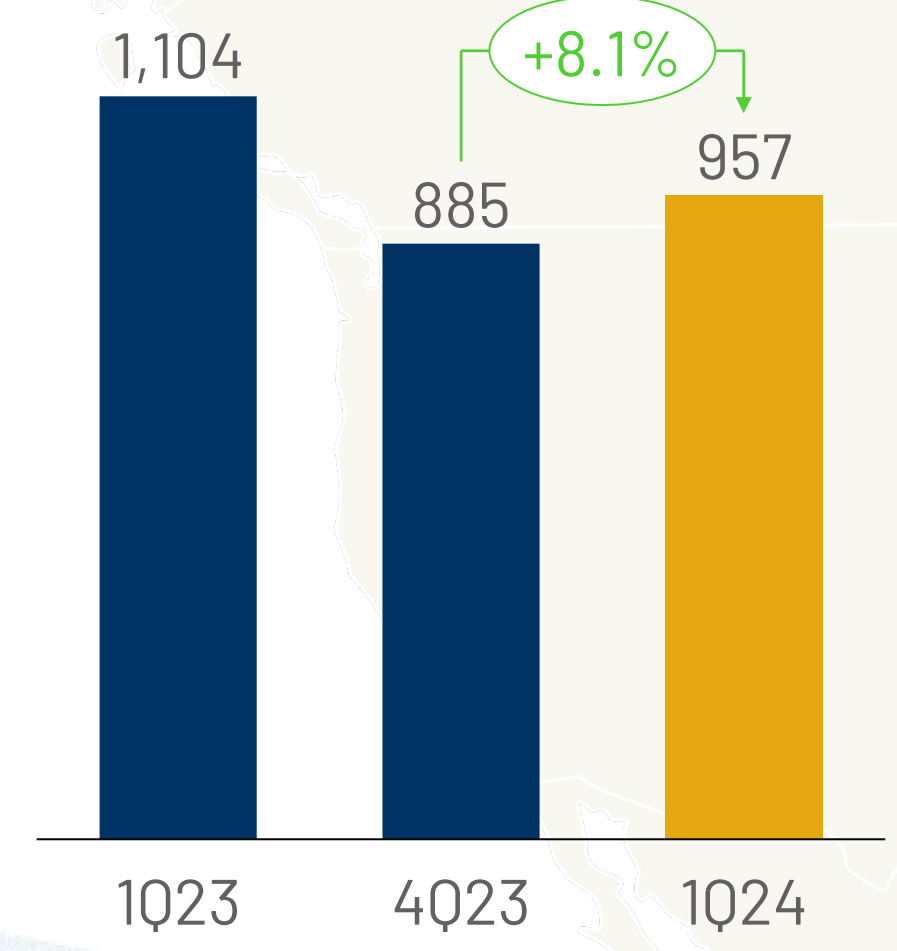
Crude steel **85%**

**54.3% OF 1Q24 CONSOLIDATED EBITDA**

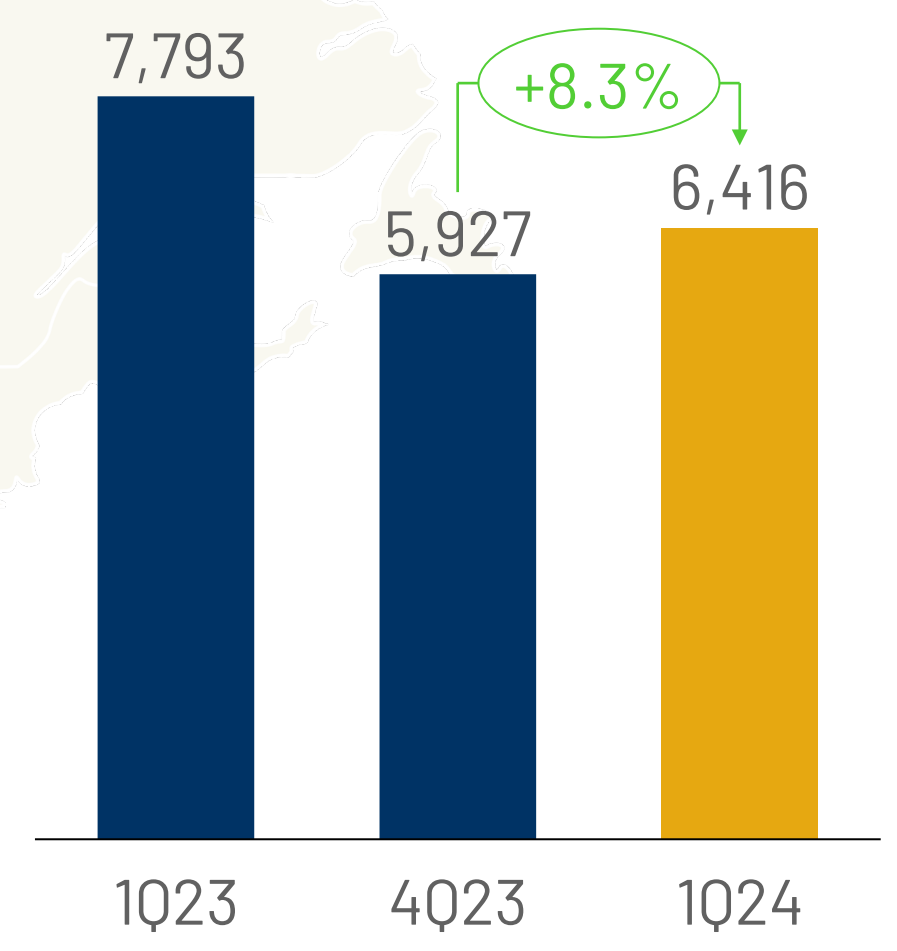


- Construction activities boosted by industrial plant and data center projects;
- Strategic market segmentation and cost control efforts contribute to operating margins above the historical average;
- Backlog of orders at healthy levels, at approximately 55 days;
- Completion of the investment at the Jackson (TN) unit, in line with Gerdau's strategy to turn it into a one-stop shop.

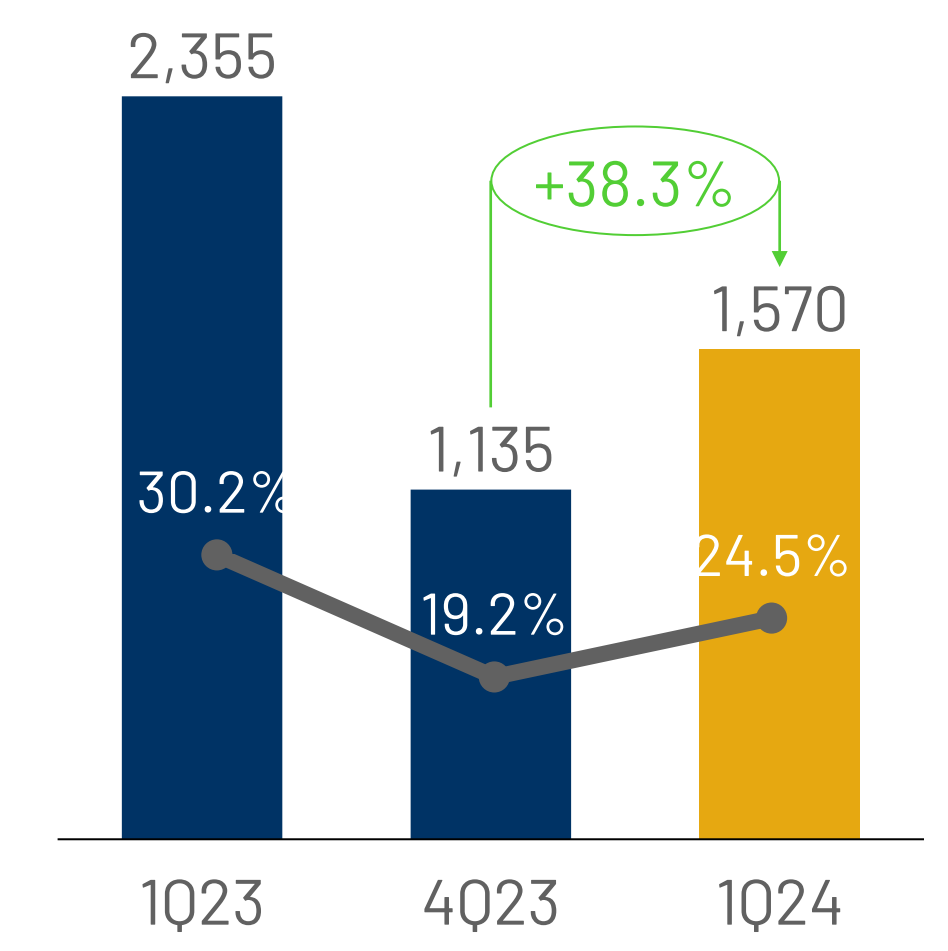
**Shipments**  
(1,000 tonnes)



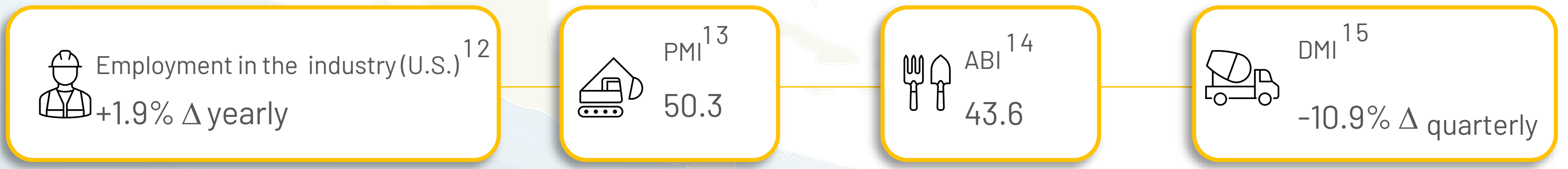
**Net Sales**  
(R\$ million)



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

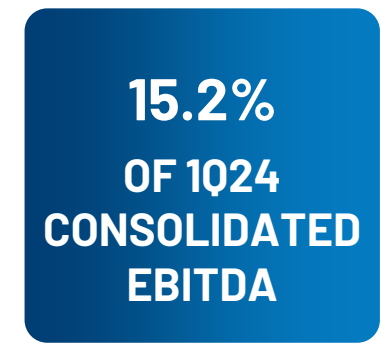
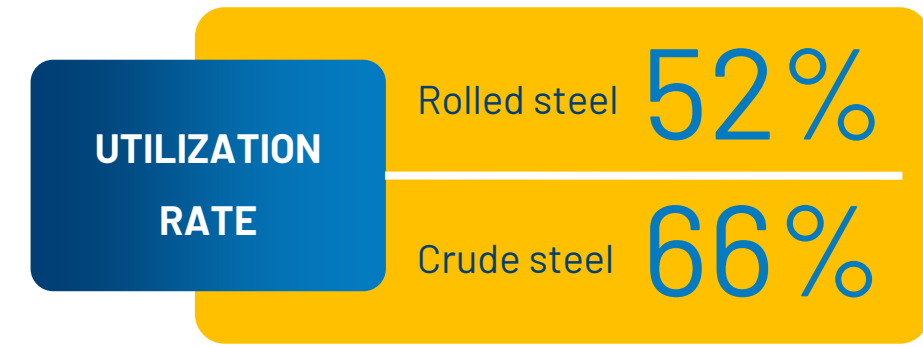


**Indicators**



1. Reference month: March 2024 2. U.S. Bureau of Labor Statistics. 3. Institute for Supply Management's Manufacturing index. 4. Architectural Billings Index. 5. Dodge Construction Network.

# SPECIAL STEEL BD

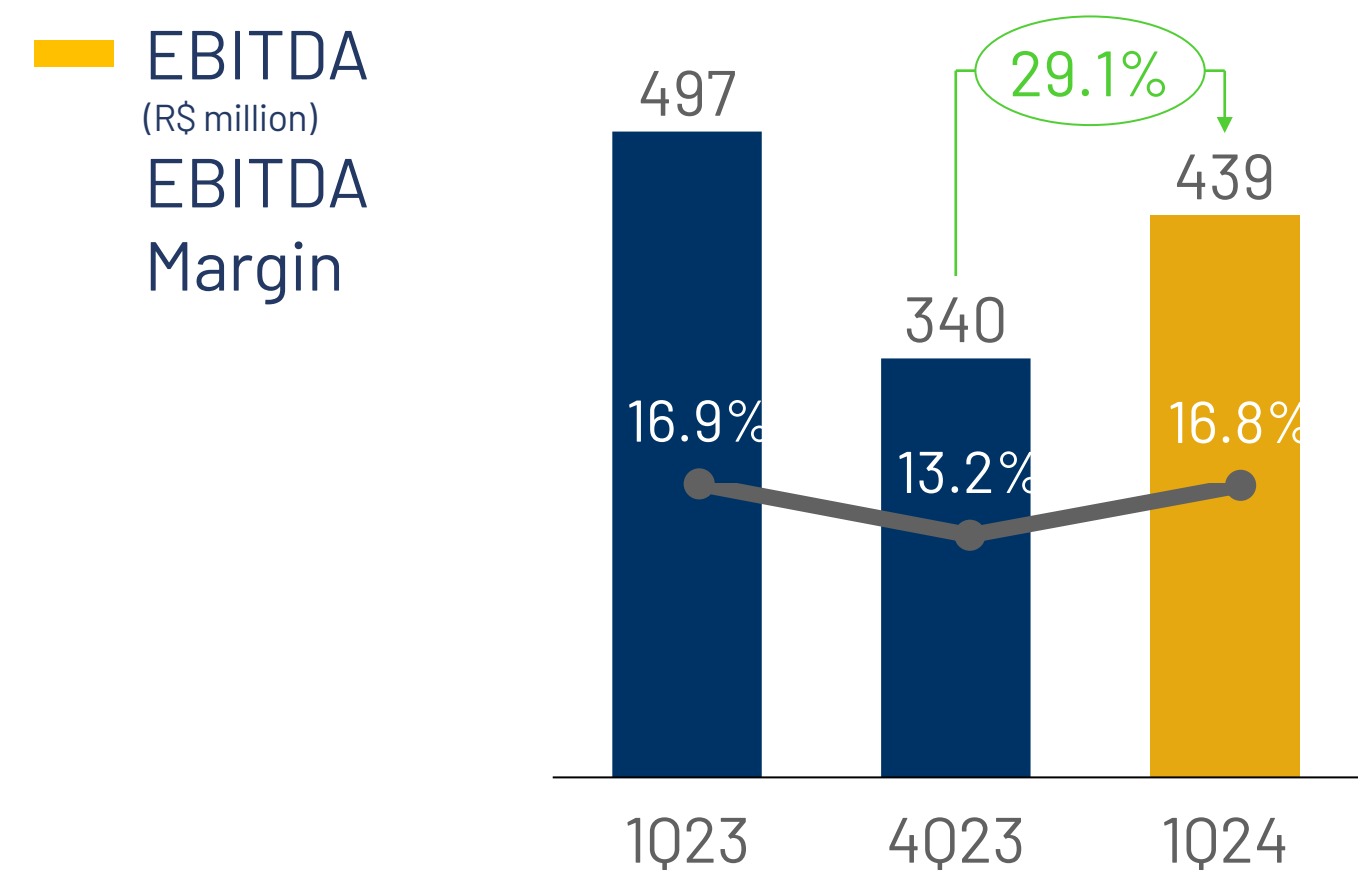
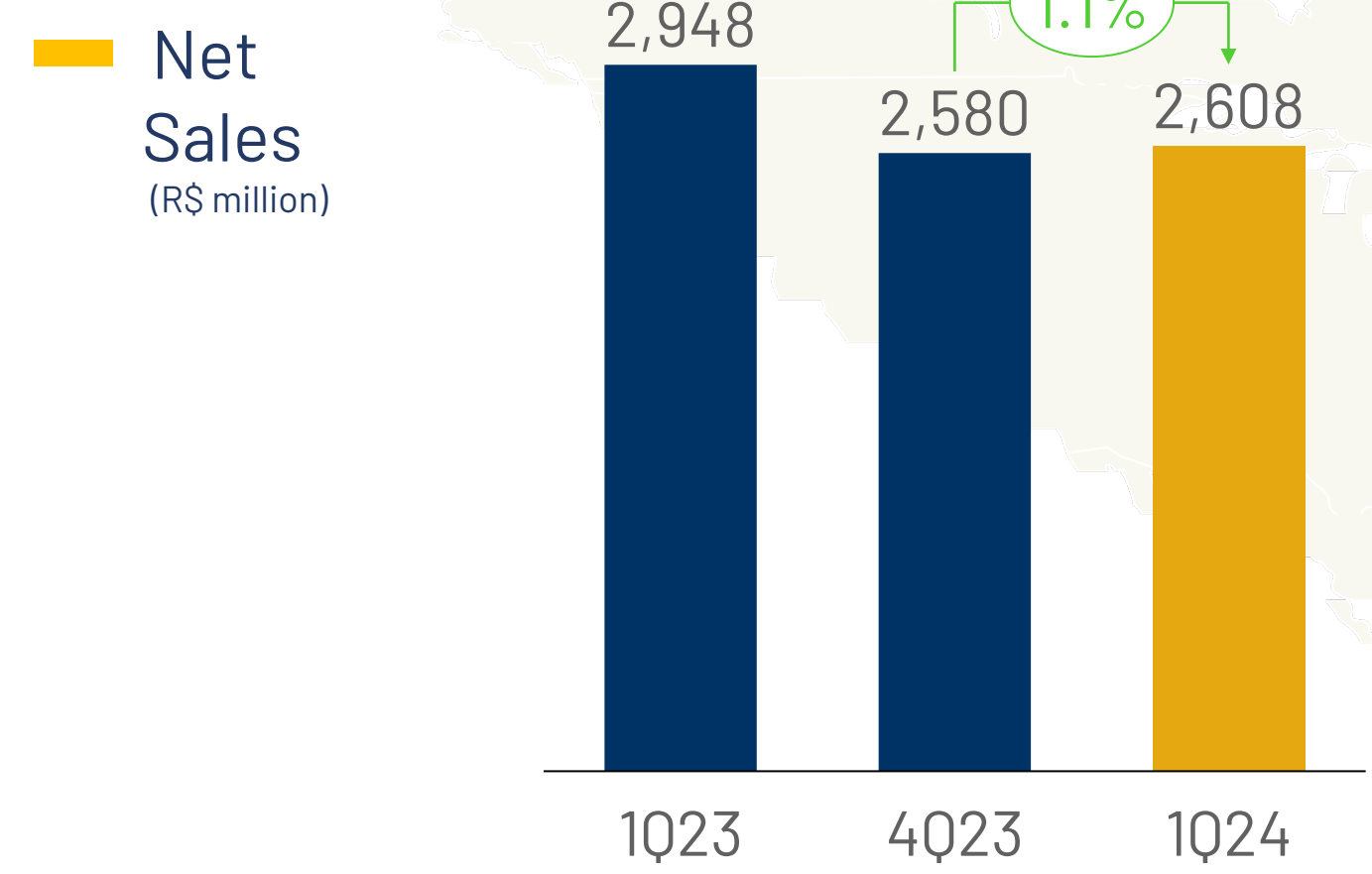
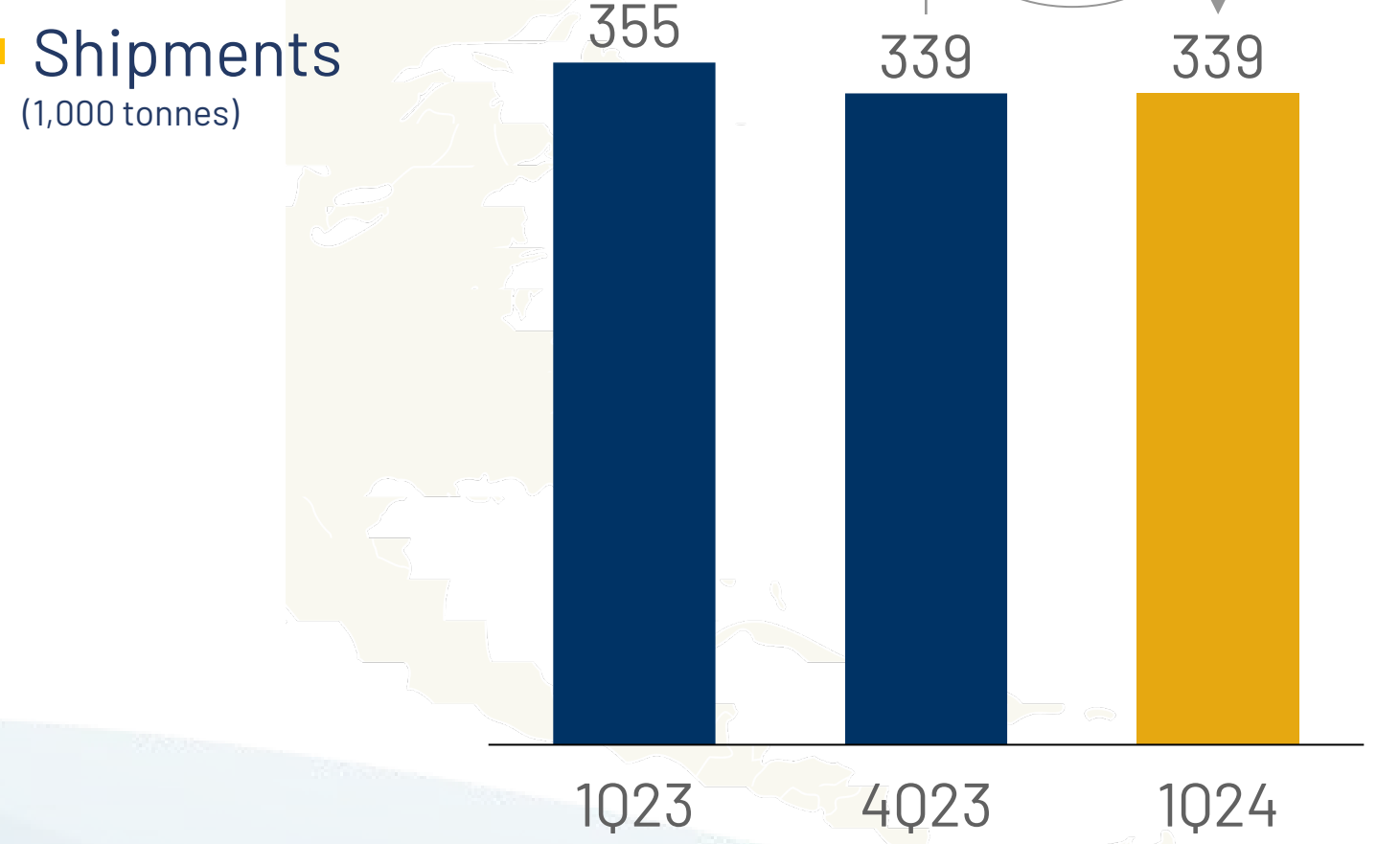


## BRAZIL

- Light vehicles:** high prices and interest rates, as well as higher penetration of imported vehicles, have made it difficult to increase vehicle sales and production in Brazil. Imports grew 40% in the first quarter of 2023, representing 7% of sales.
- Heavy vehicles:** Inventory replenishment efforts and the "Caminho da Escola" government program, aimed at renewing the school bus fleet, boosted production in the quarter.

## NORTH AMERICA

- Light vehicles:** Lower volumes in late 2023 due to the United Auto Workers strike in Detroit (Ford, GM, and Stellantis) resulted in additional demand in 1Q24.
- The performance of **Class 8 vehicles** in 1Q24 was negatively impacted by a high annual comparison base and a change in engine technology.
- Oil & gas:** Rig count closed 1Q24 in line with 4Q23.
- Mexico:** initial feasibility studies for a greenfield Special Steel project in the country.



## Indicators

Light Vehicle Prod. in 1Q24  
-1.2%  $\Delta$  yearly<sup>1</sup>

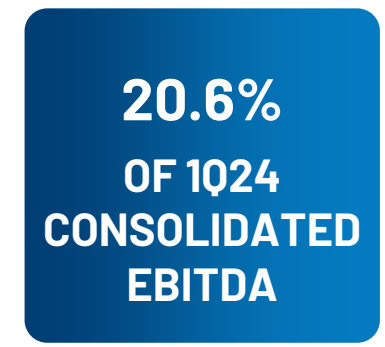
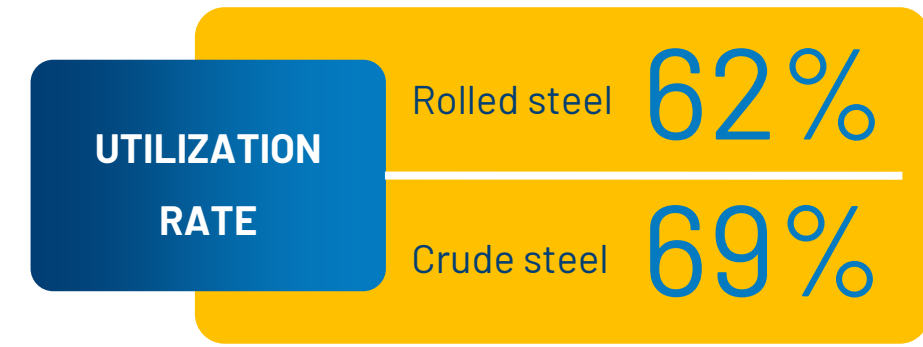
Heavy Vehicle Prod. in 1Q24  
+24.1%  $\Delta$  yearly<sup>1</sup>

Light Vehicle Prod. in 1Q24  
+3.5%  $\Delta$  yearly<sup>2</sup>

Class 8 Vehicle Prod. in 1Q24  
-17.6%  $\Delta$  yearly<sup>2</sup>

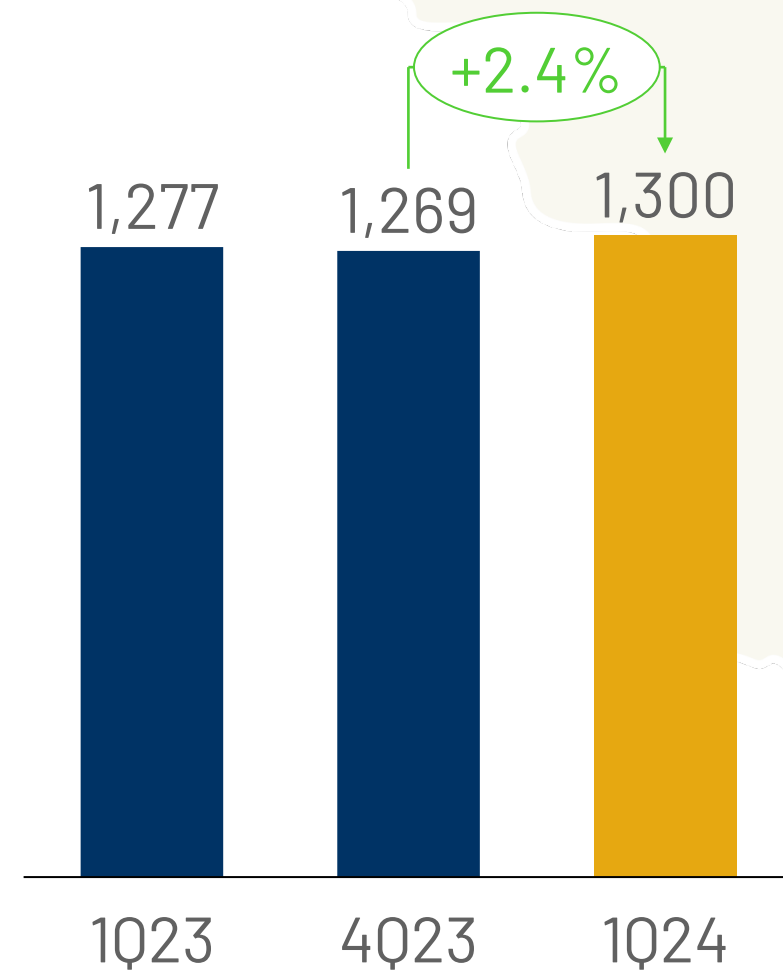
<sup>1</sup> ANFAVEA – At the end of 1Q24; <sup>2</sup> S&P Global Mobility.

# BRAZIL BD

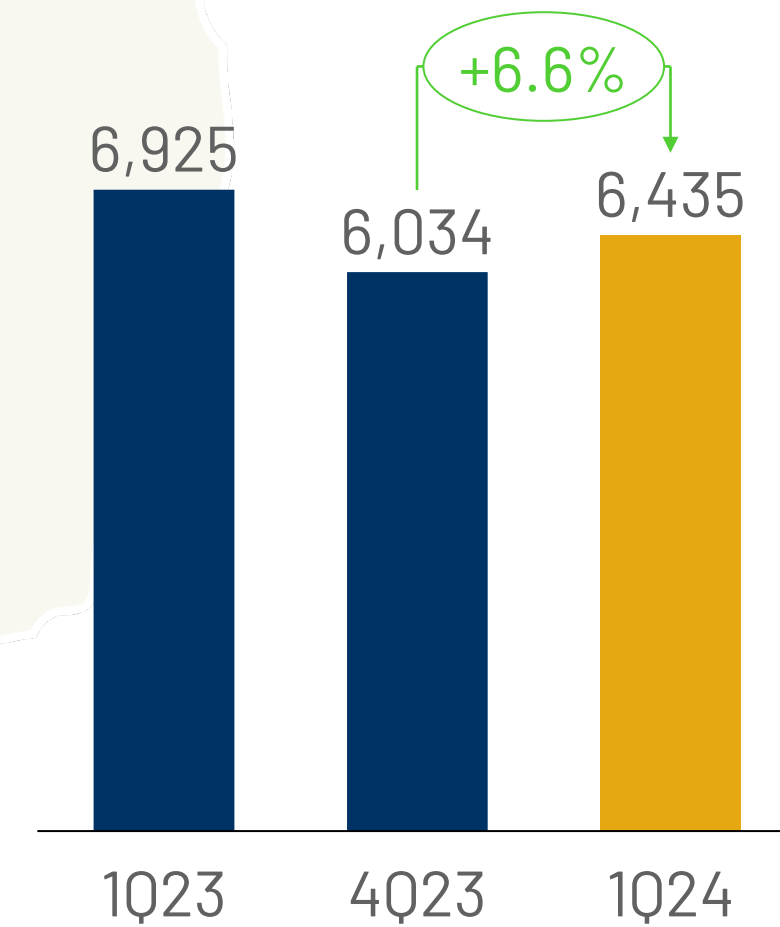


- Penetration of imported steel reached 19.6% in March, ~46% higher year on year;
- The Company's focus on supplying the domestic market (lower export volume) enabled a higher-value-added product mix;
- Lead time for coal cost inventory (higher) pressured the costs for the quarter;
- In civil construction, the average number of launches in January and February doubled year on year;
- Fabrication contracts continued to show healthy activity levels.

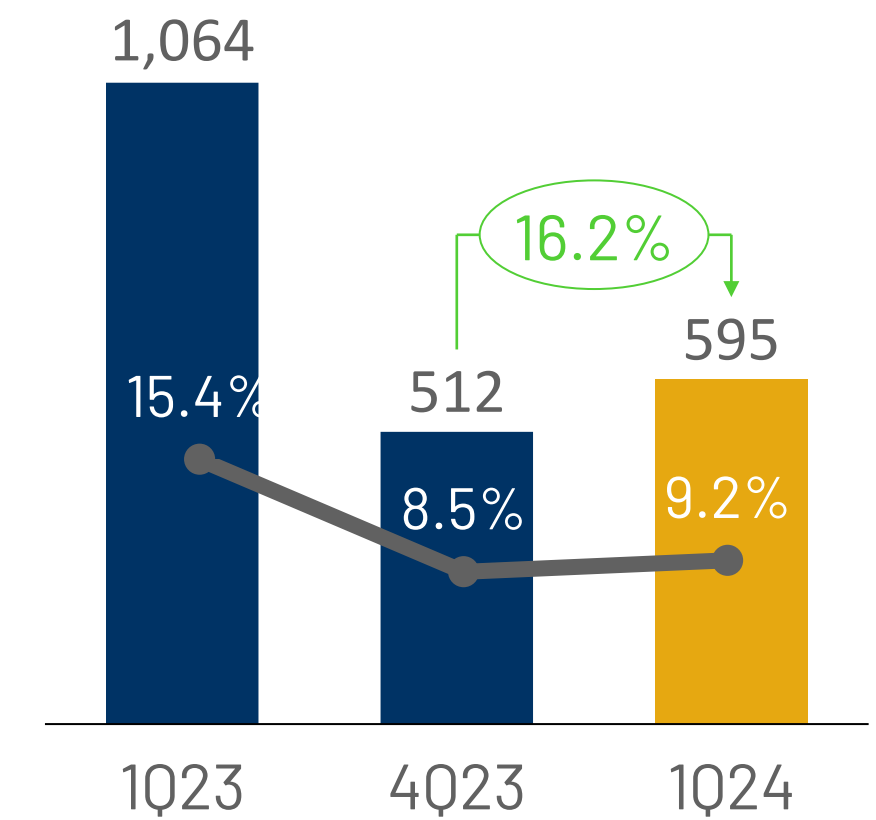
**Shipments**  
(1,000 tonnes)



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



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



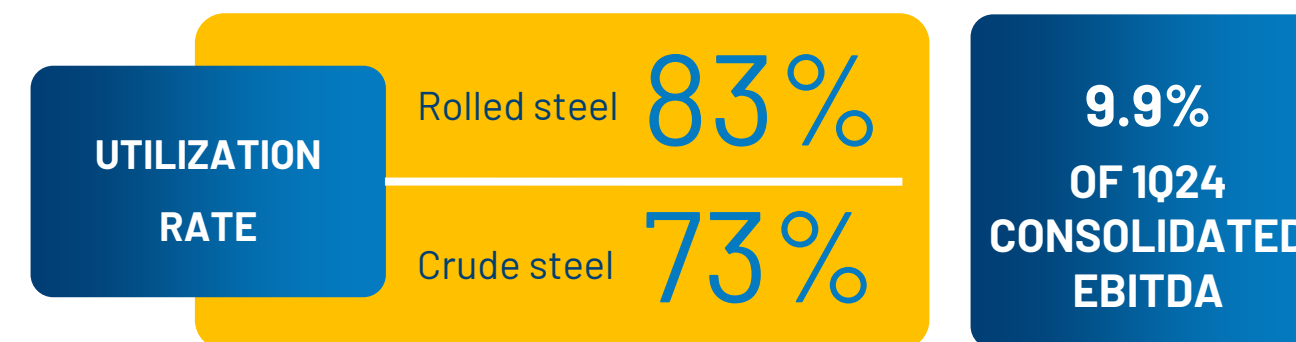
## Indicators

<p>Real estate inventory in São Paulo city 9.0<sup>1</sup> months</p>	<p>Real Estate Launches +8.5%<sup>2</sup></p>	<p>Manufacturing Industry +1.2%<sup>3</sup></p>	<p>Infrastructure investments (Public + Private) +11.2%<sup>4</sup></p>
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<sup>1</sup>Secovi SP in Feb/24 (supply in the city in the month/total sales in the last 12 months/12); <sup>2</sup> 2024 year-end growth forecast – Abbrainc-Fipe trends, Mar/24; <sup>3</sup> 2024 year-end growth forecast – PIM-IBGE trends, Mar/24;

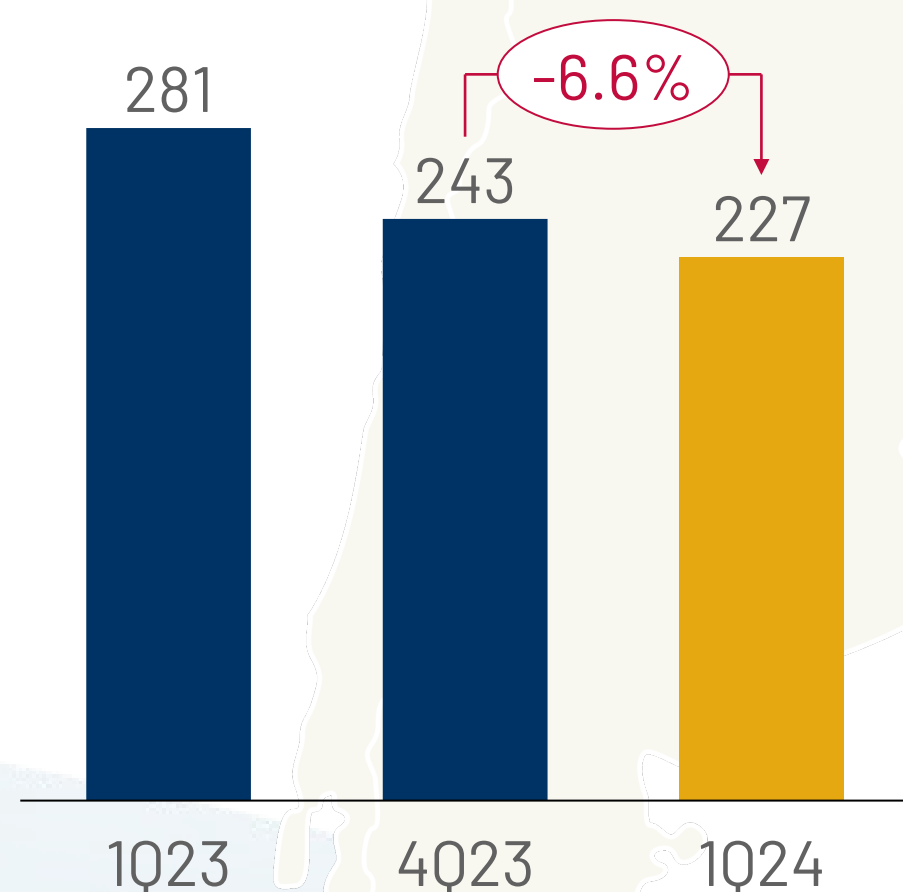
<sup>4</sup> 2024 year-end growth forecast, ABDIB trends in Mar/24.

# SOUTH AMERICA BD

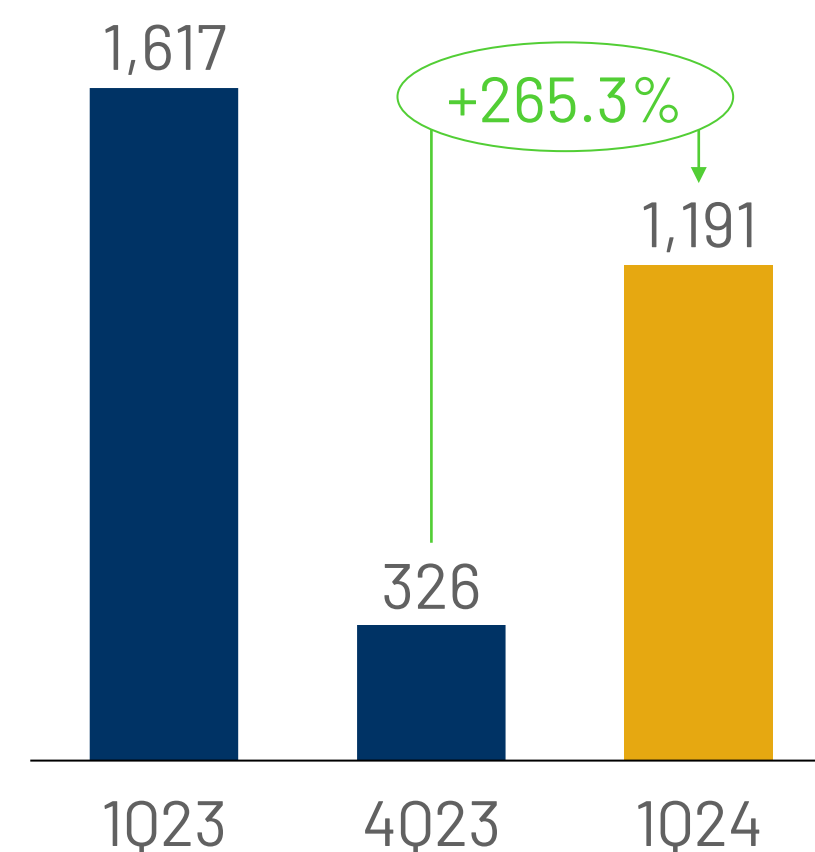


- **Argentina:** period of economic adjustments leads to a slowdown in industrial and construction activities and, consequently, in the demand for steel;
- **Peru:** the construction and mining sectors, fueled by public investments, have prospects of a gradual recovery;
- **Joint Ventures:** since Gerdau completed the sale of its stakes in 1Q24, equity in the earnings of these joint ventures has no longer been booked in the BD's results.

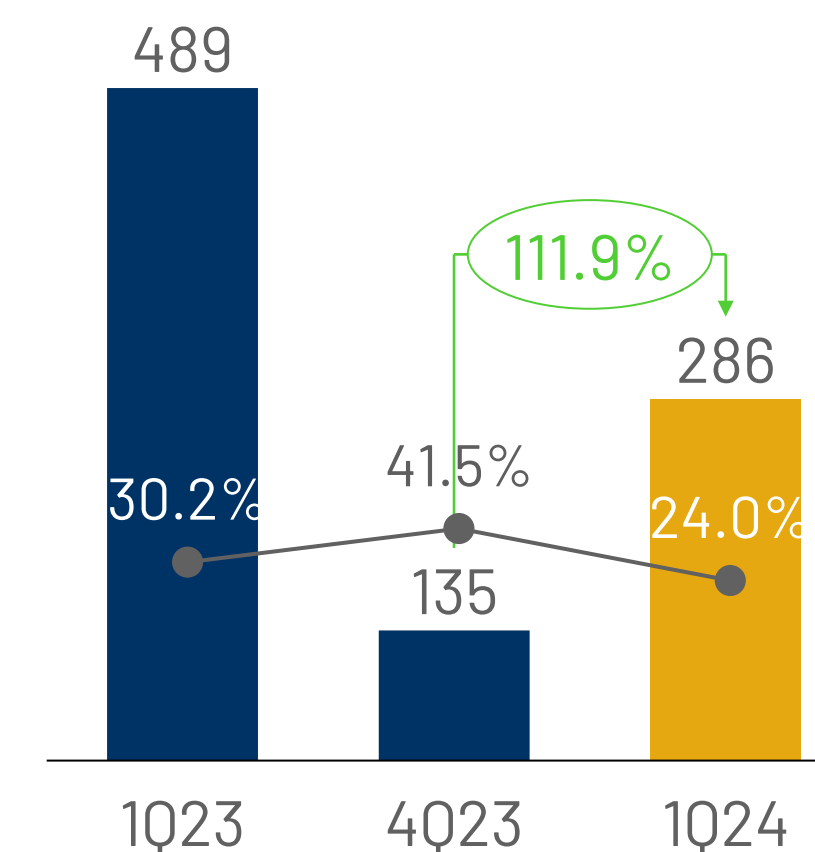
Shipments  
(1,000 tonnes)



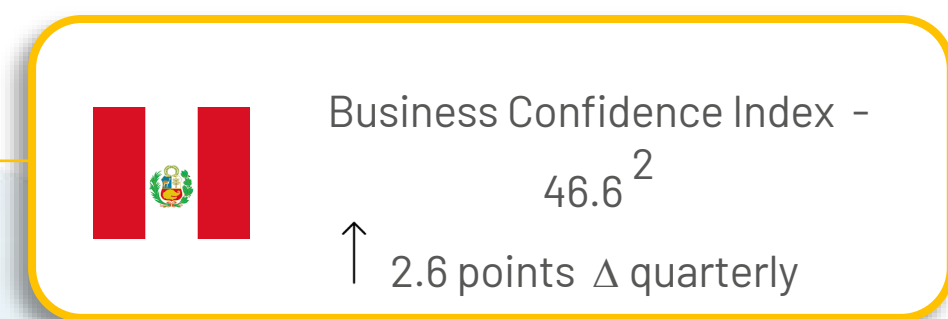
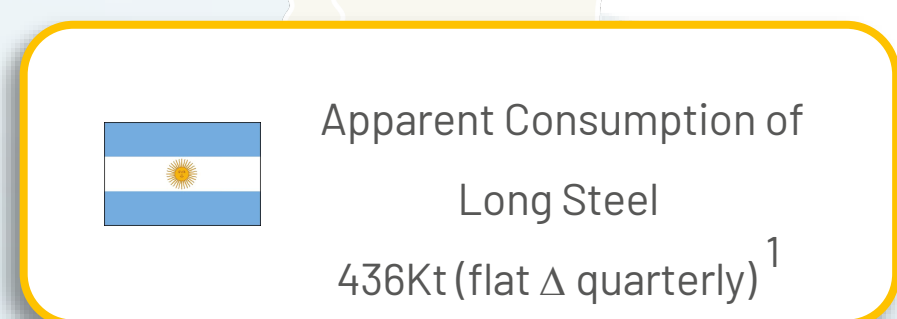
Net Sales  
(R\$ million)



EBITDA  
(R\$ million)  
EBITDA Margin



## Indicators



1. Cámara Argentina del Acero – Mar/24; 2. Banco Central de Reserva Del Perú – Mar/24.

# FINANCIAL PERFORMANCE

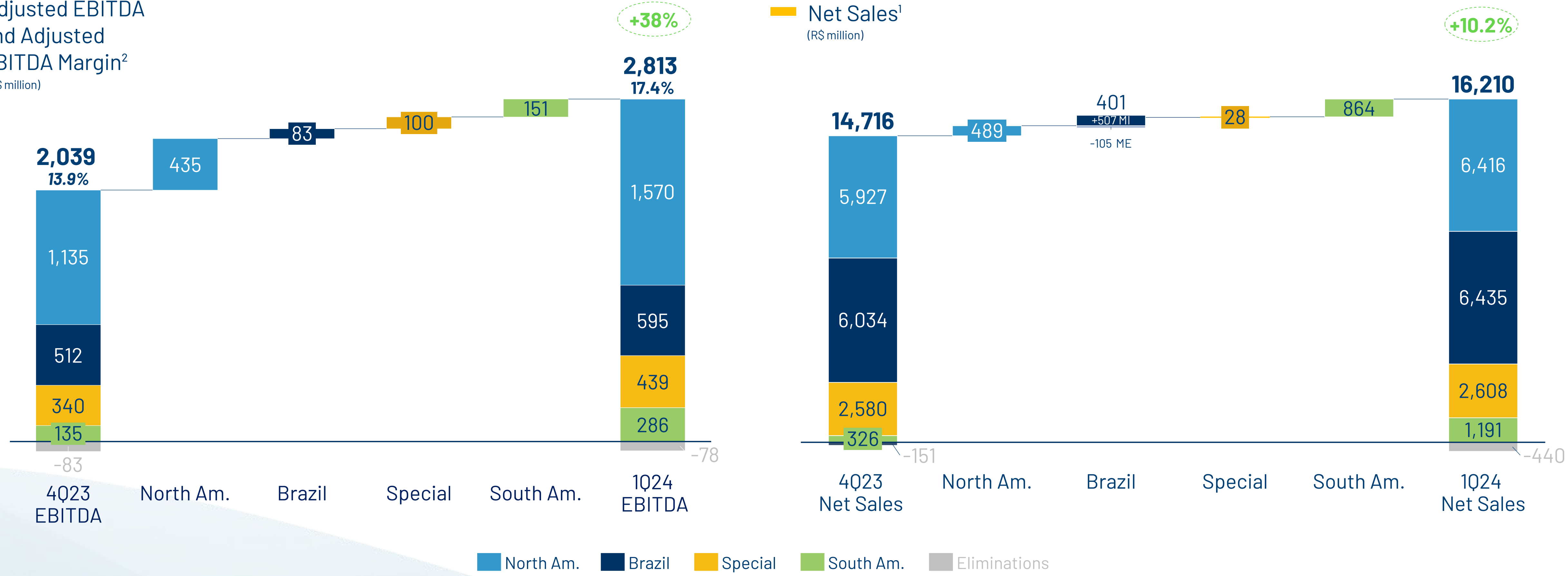
Pindamonhangaba unit (SP) –  
Billets & Bars New Casting  
Facilities

# 1Q24 HIGHLIGHTS

GERDAU ENDED THE FIRST QUARTER OF 2024 WITH EBITDA GROWTH IN ALL BUSINESS DIVISIONS

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

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

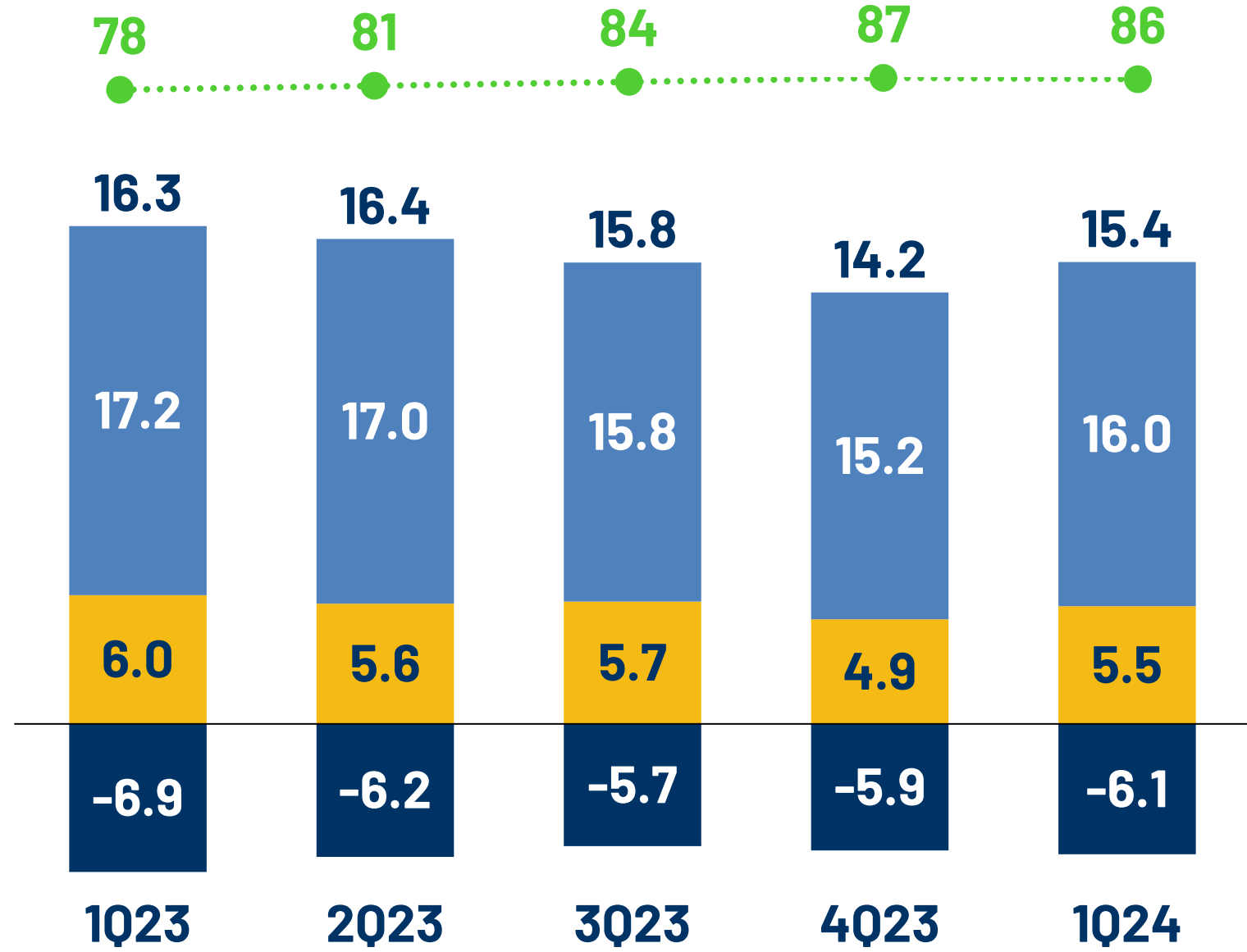


<sup>1</sup> Includes iron ore sales.  
<sup>2</sup> Non-accounting measure calculated by the Company. The Company presents Adjusted EBITDA to provide additional information on cash generation in the period..

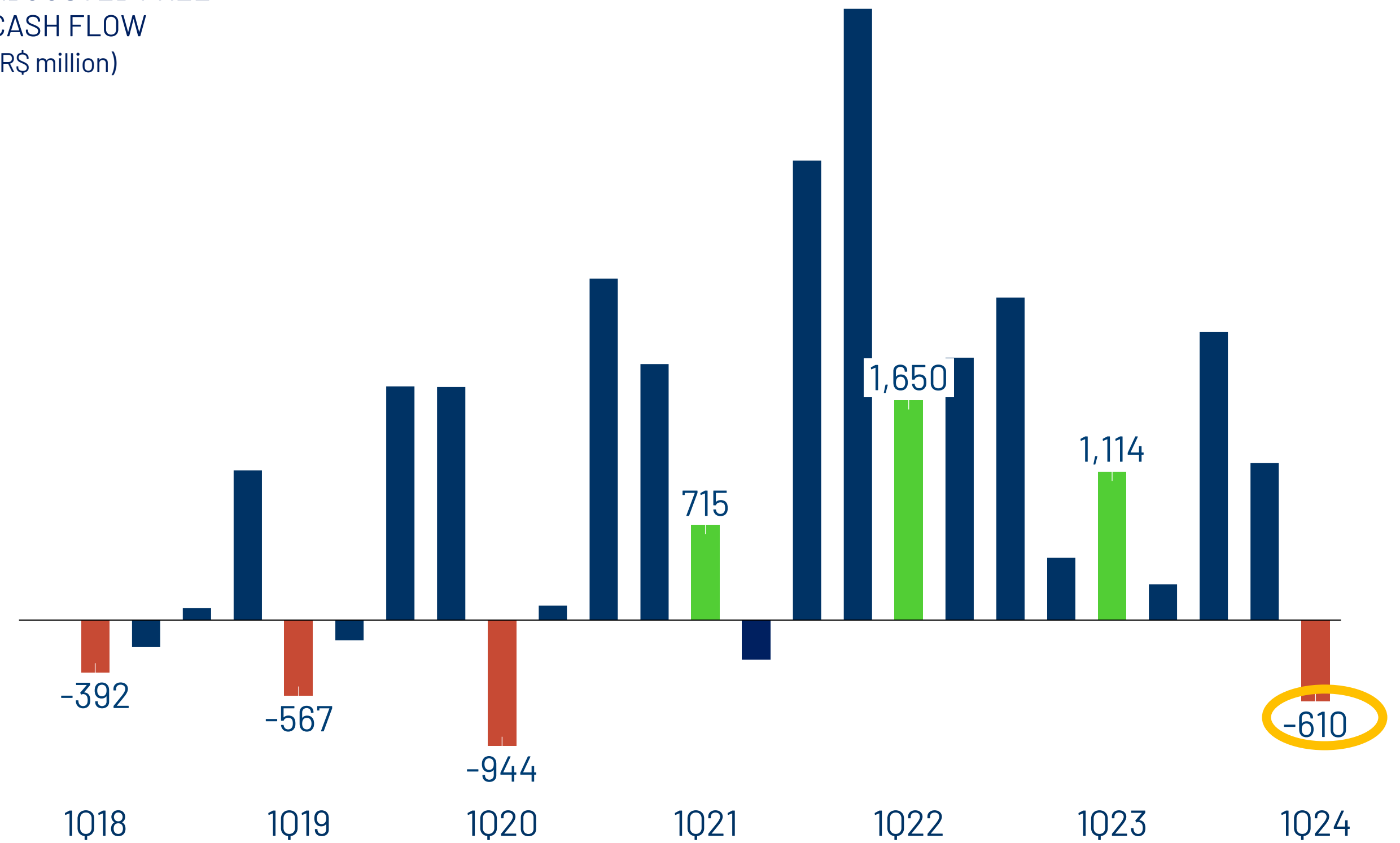
# CASH FLOW & WORKING CAPITAL

CASH CONVERSION CYCLE (DAYS)

WORKING CAPITAL<sup>1</sup> (R\$ billion)



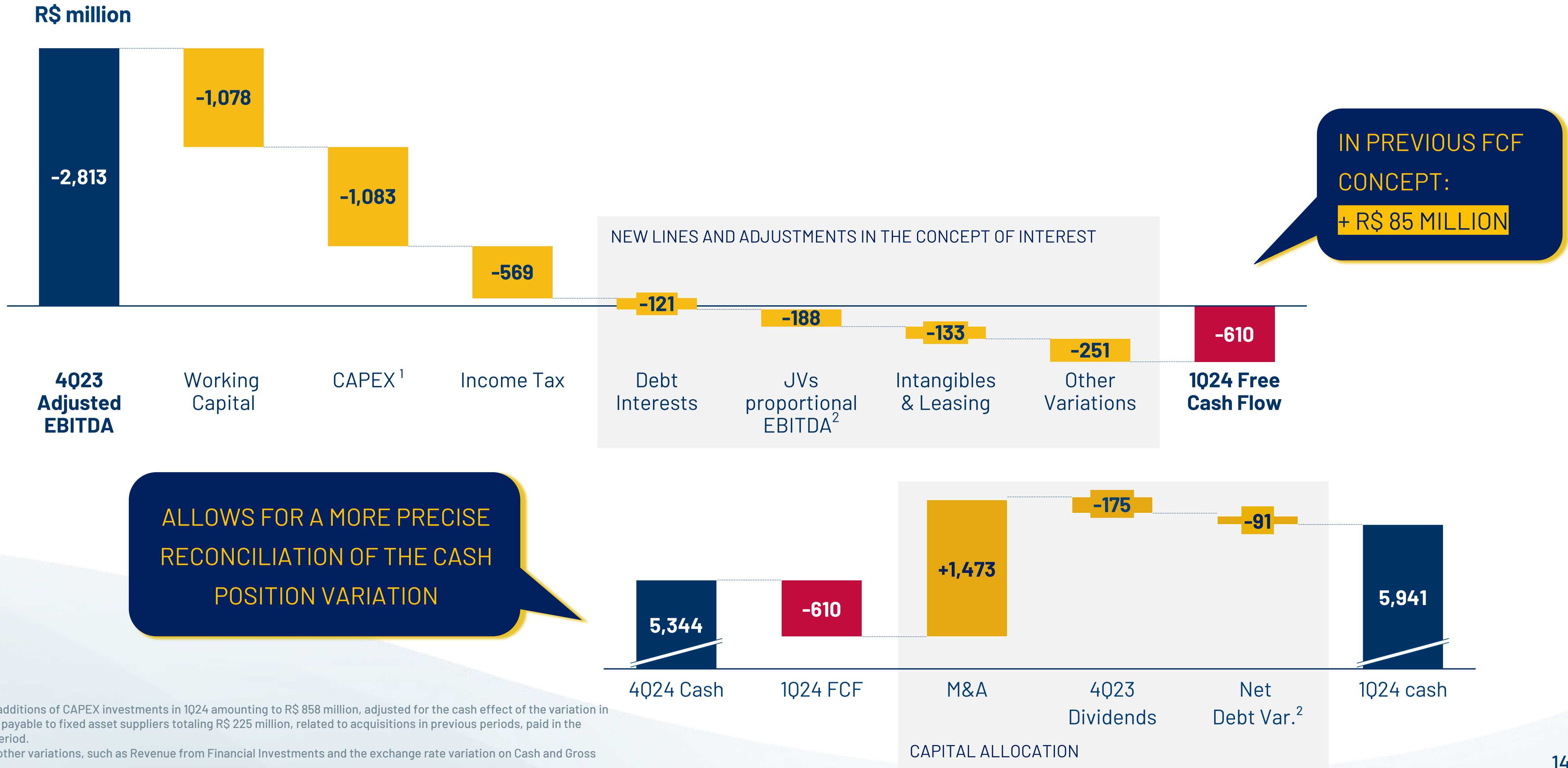
QUARTERLY ADJUSTED FREE CASH FLOW (R\$ million)



■ Inventories 
 ■ Clients 
 ■ Suppliers 
 ● Financial Cycle

<sup>1</sup> Considers FX variation on inventories, clients, and suppliers.

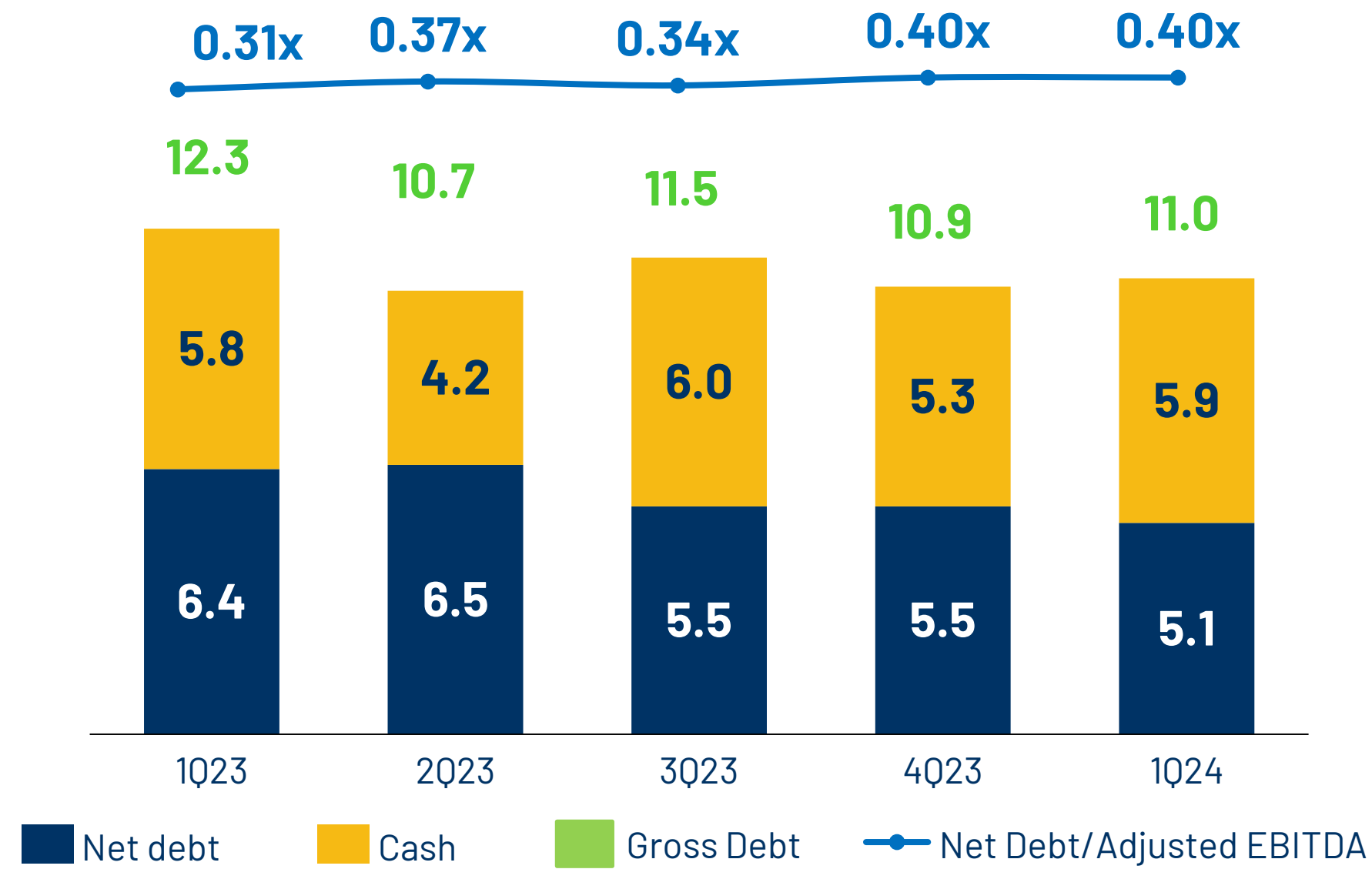
# NEW FREE CASH FLOW MODEL



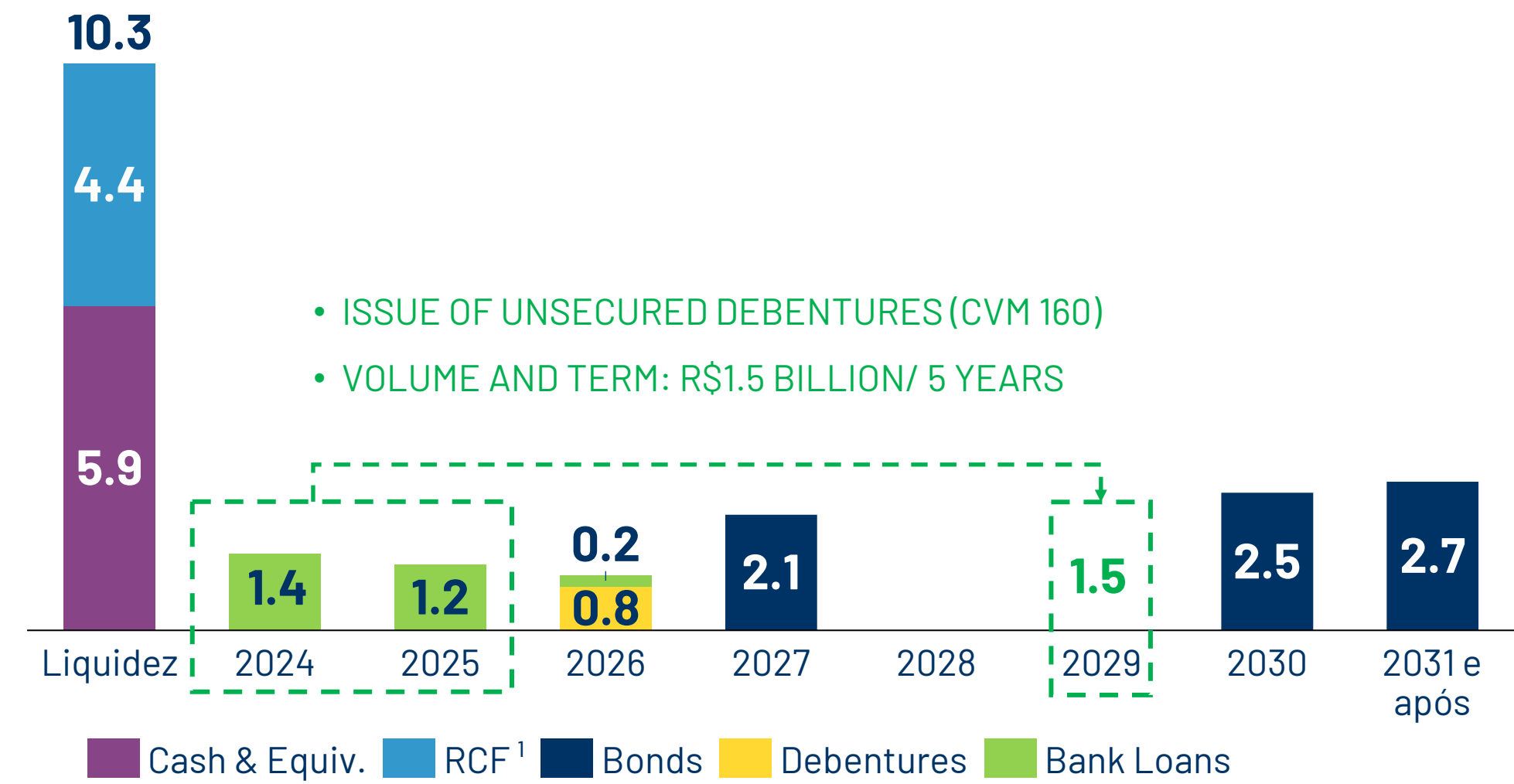
1. Includes additions of CAPEX investments in 1Q24 amounting to R\$ 858 million, adjusted for the cash effect of the variation in accounts payable to fixed asset suppliers totaling R\$ 225 million, related to acquisitions in previous periods, paid in the current period.  
 2. Includes other variations, such as Revenue from Financial Investments and the exchange rate variation on Cash and Gross Debt.

# LIQUIDITY & INDEBTEDNESS

CASH, DEBT AND LEVERAGE  
(R\$ BILLION)



LIQUIDITY POSITION AND DEBT AMORTIZATION<sup>2</sup>  
(R\$ BILLION)



<sup>1</sup> Global Revolving Credit Facility <sup>2</sup> With no deferred expenses.

## FINANCIAL POLICY

- GROSS DEBT < R\$12 BILLION ✓
- AVERAGE TERM > 6 YEARS ✓
- NET DEBT/EBITDA ≤ 1.5X ✓

**AVERAGE TERM**  
7.2 YEARS

**AVERAGE COST**  
BRL: 105.6% OF THE CDI RATE P.A.  
USD: 5.5% P.A.

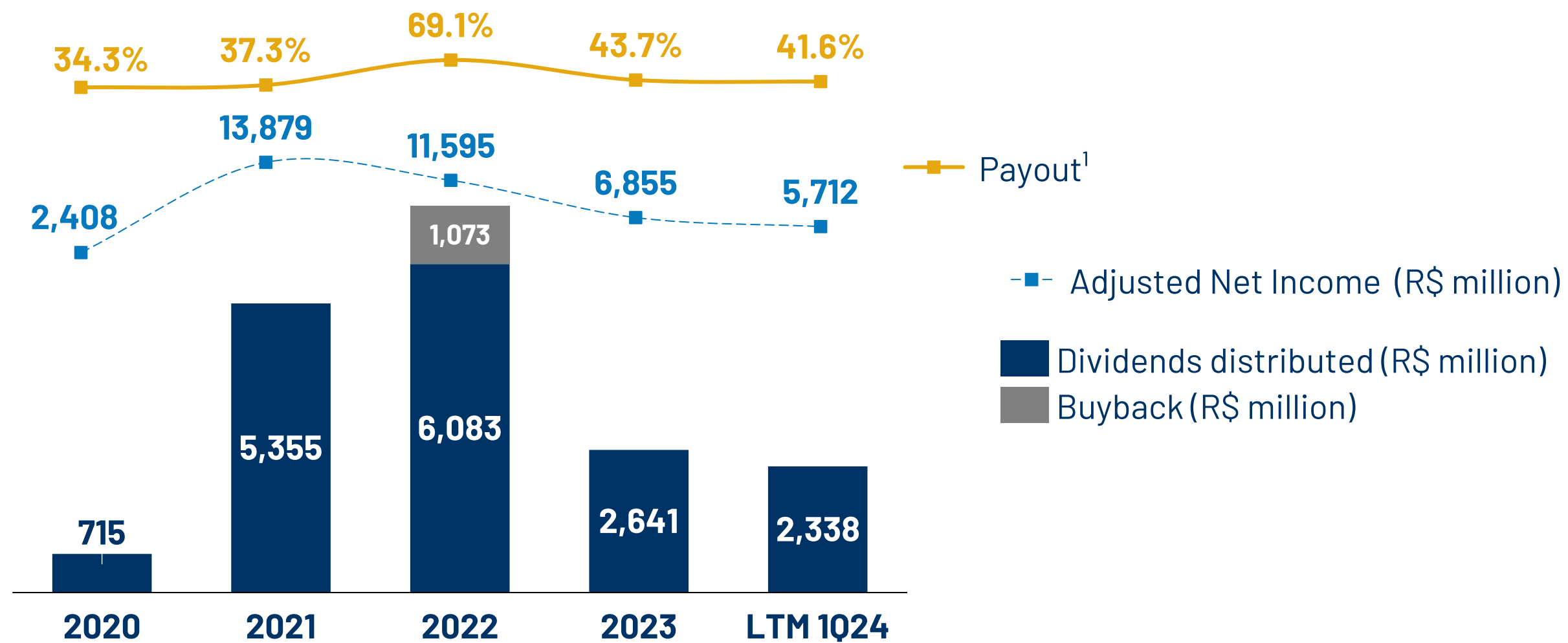
## RATING

AGENCY	RATING
FITCH	BBB STABLE
STANDARD & POOR'S	BBB- POSITIVE
MOODY'S	Baa3 STABLE

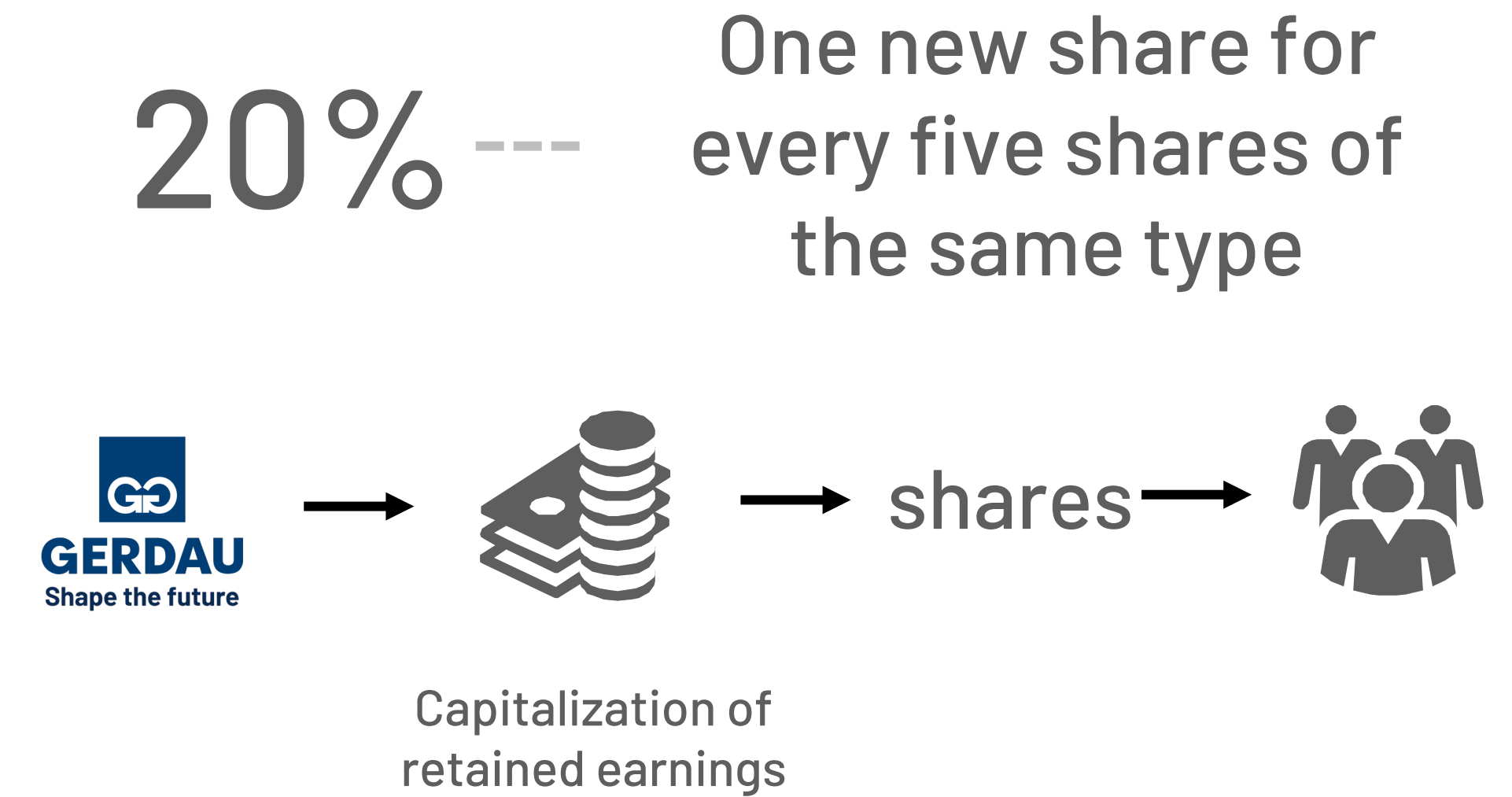
# SHAREHOLDER RETURNS

## PAYOUT ABOVE THE MINIMUM MANDATORY DIVIDEND PAYMENT AND BONUS SHARE

### DIVIDENDS



### BONUS SHARES



### 1Q24 DIVIDEND DISTRIBUTION

GERDAU S.A.	AMOUNT	R\$589 M
	PERSHARE	R\$0.28

METALÚRGICA GERDAU S.A.	AMOUNT	R\$196 M
	PERSHARE	R\$0.19

1. Shareholder payments / Parent Company's net income after booking the reserves set forth in the Bylaws.

# STRATEGIC CAPEX (2021-2026)

INVESTMENTS IN GROWTH AND COMPETITIVENESS OF OUR BUSINESS

**ADDITIONAL PRODUCTION CAPACITY:** +700 kt crude steel and +1,400 kt rolling steel

**1Q24 STRATEGIC CAPEX:** ~R\$ 327 million

- Unspent
- Spent to date
- (R\$ million, cumulative)
- Capacity addition<sup>1</sup> (kt/year)



1. After the investment matures  
 2. PTB: Petersburg | CVT: Cartersville | JKS: Jackson.

# STRATEGIC CAPEX – BRAZIL BD

## PROGRESS OF THE PROJECTS IN MINAS GERAIS

### SUSTAINABLE MINING

DRY PROCESSING | HIGH-GRADE ORE (65%)

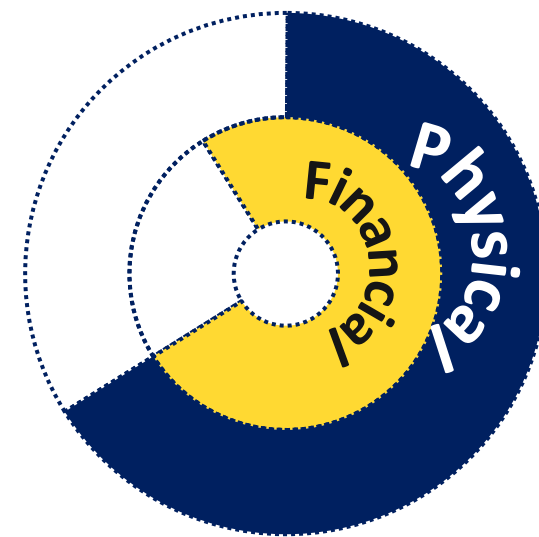


On schedule

Startup expected for 4Q25

Critical equipment<sup>1</sup> already received

Potential EBITDA growth<sup>2,3</sup>: R\$1.1 b



Fulfilled  
 To be fulfilled

### HOT-ROLLED COIL EXPANSION

EFFICIENCY GAINS AND COST REDUCTION

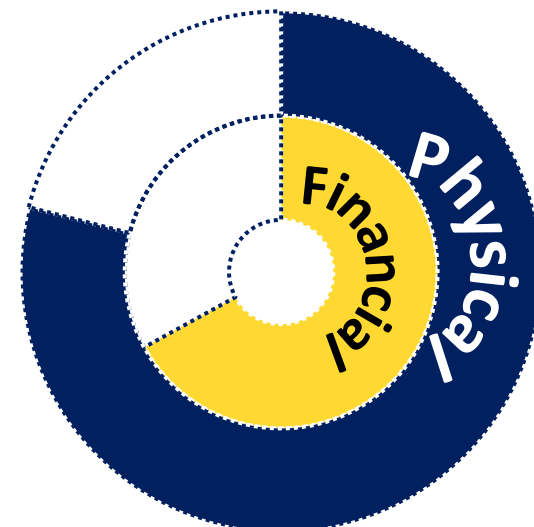


On schedule

Startup expected for 4Q24

Main Motor and Rolling Mill at the assembly stage

Potential EBITDA growth<sup>2,3</sup>: R\$400 M



Fulfilled  
 To be fulfilled

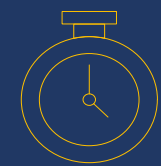
1. Equipment to be used in the construction project: scalping screen, disk filters, crushers, flotation cells, and hydrocyclones.

2. After investment maturity.

3. The numbers and information presented herein were included in the guidance provided by the Company in a Material Fact published on October 4, 2023.

# STRATEGIC CAPEX – NORTH AMERICA BD

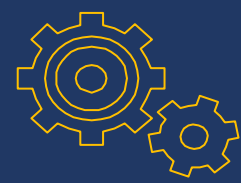
MODERNIZATION OF THE UNIT IN JACKSON (TN)



Startup in **1Q24**



**Higher competitiveness**, driven by an expanded product mix (one-stop shop)

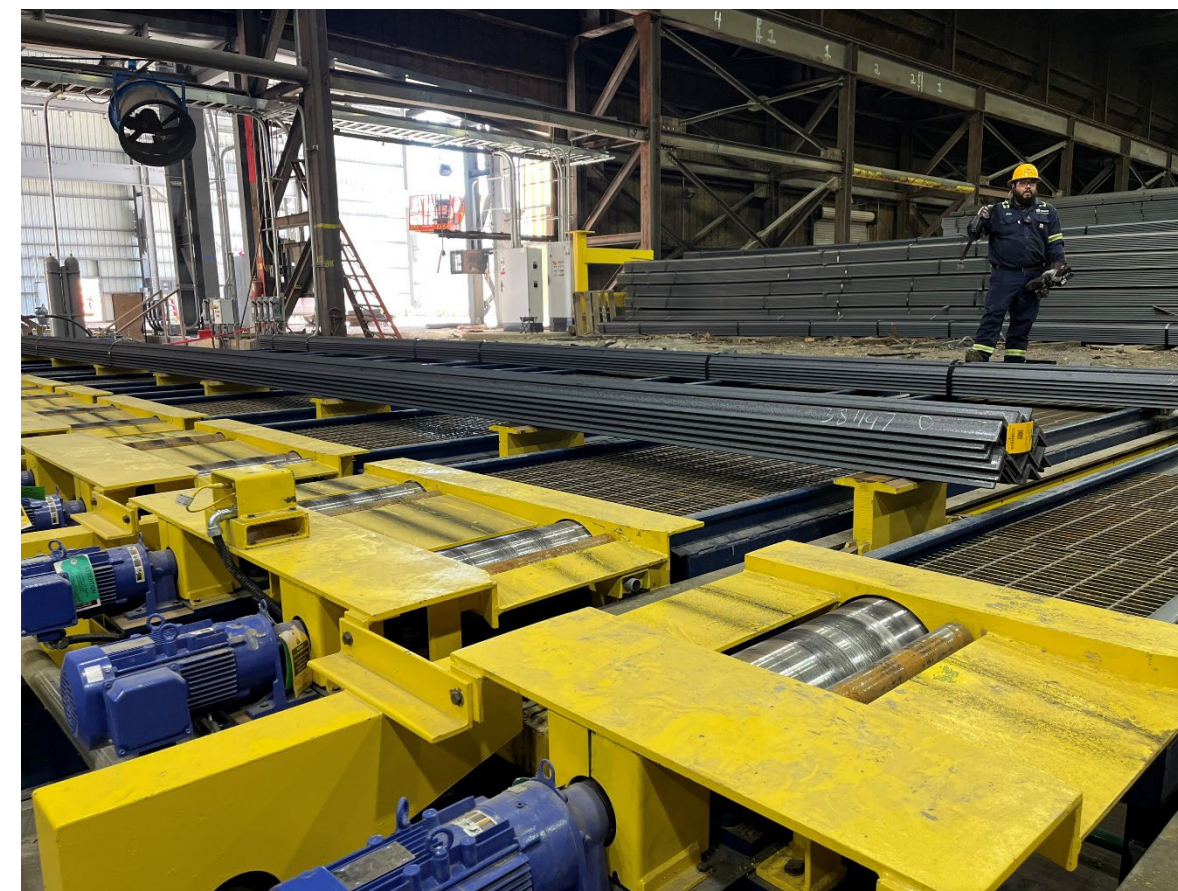
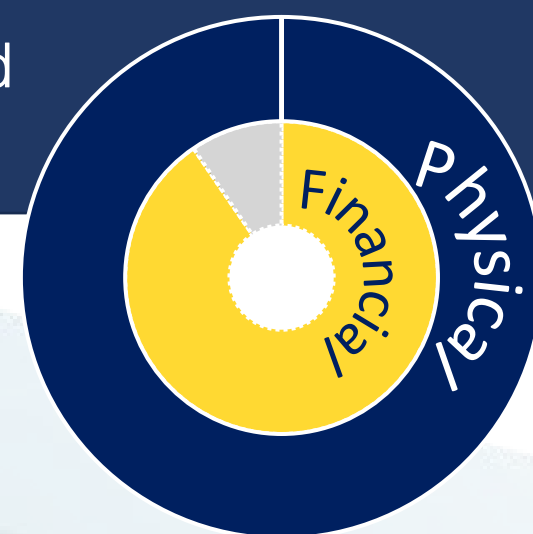


Rolling and storage process updates, leading to greater **operational flexibility**



~**R\$335 million** in CAPEX

- Fulfilled
- To be fulfilled





ESG ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Forestry Unit, Três Marias  
(MG)

# MERCO RANKING

CORPORATE REPUTATION IN BRAZIL (2023)



Buscar

Valor | Gerdau

**Gerdau é a indústria líder em reputação no Brasil, segundo ranking da Merco**

Empresa é a única produtora de aço entre as 100 companhias mais admiradas de acordo com pesquisa e lidera categoria "Mineração, Siderurgia e Metalurgia"

**B2B industrial company**

with **the best reputation**

in **Brazil**



**Up 10 positions,** ranking 24<sup>th</sup> among the **100 Brazilian organizations assessed**



**The only steel producer** in the overall ranking



**Leadership** in the "Mining, Steel, and Metallurgy" category

# Q&A INSTRUCTIONS



— To ask questions, click on the #Q&A# icon, using the button at the bottom of your screen.

— If you want to ask questions live, type in your name on the #Q&A# icon, then wait for your name to be announced to ask your question.

— At that time, a request to turn on your microphone will appear on your screen. You can also enable your camera.

[INFORM@GERDAU.COM](mailto:INFORM@GERDAU.COM)

[WWW.RI.GERDAU.COM](http://WWW.RI.GERDAU.COM)

# THANK YOU!

**SAVE THE DATE**  
SECOND QUARTER OF 2024

EARNINGS RELEASE  
JULY 31, 2024  
(After market close)

VIDEOCONFERENCE  
AUGUST 1, 2024

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

MARIA PEGORARO –  
Pindamonhangaba Plant (SP)

  
**GERDAU**  
Shape the future

# 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 speak only as of the date they were made.