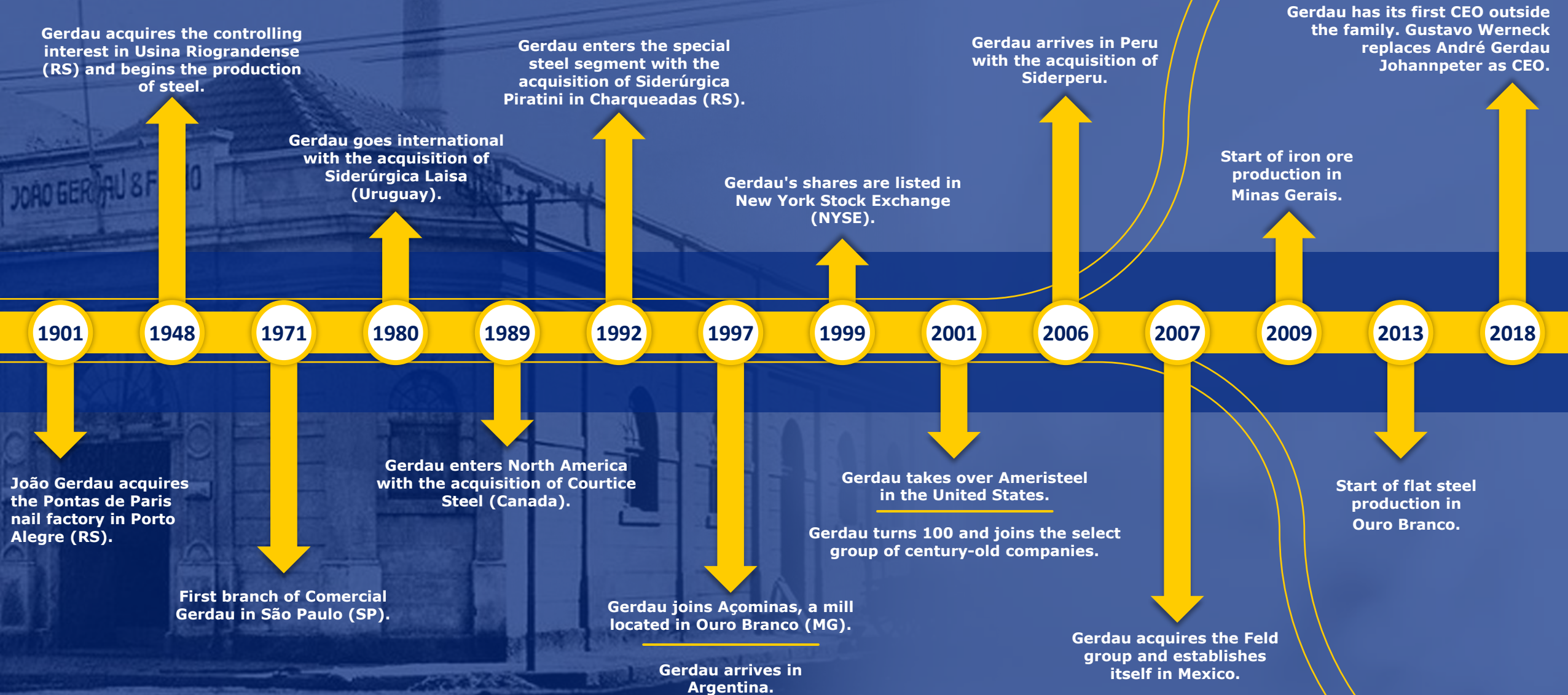


# Institutional

Presentation

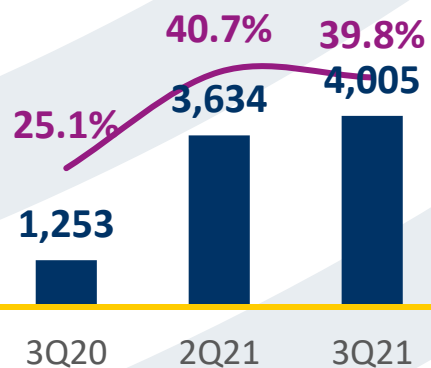
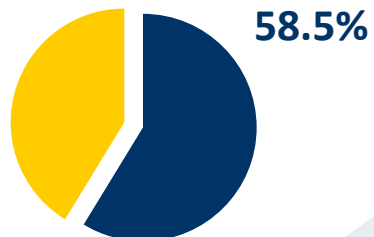
November 2021

# 120 YEARS OF HISTORY

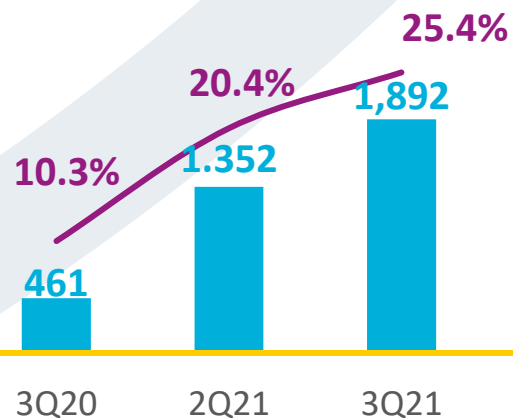
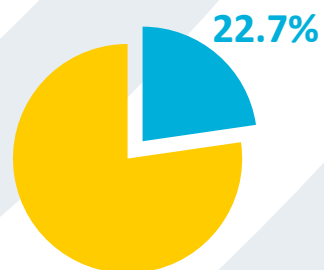


# EBITDA

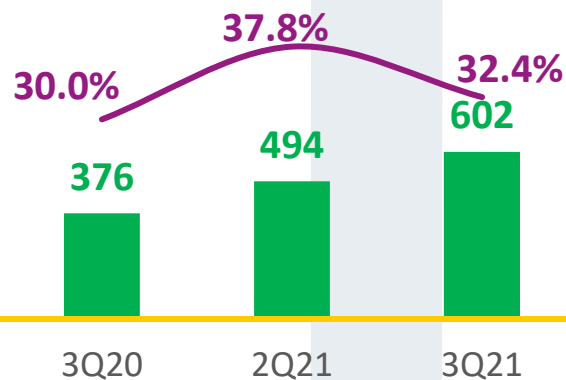
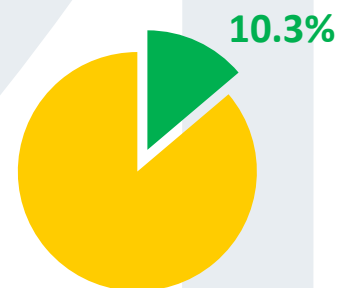
Brazil BD



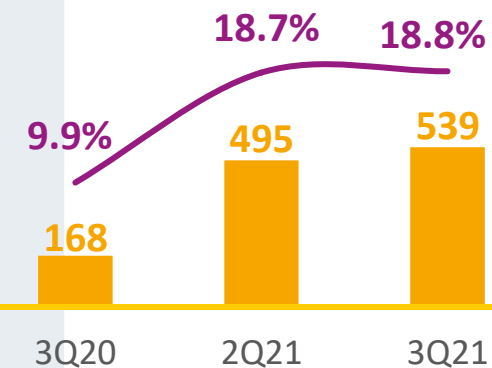
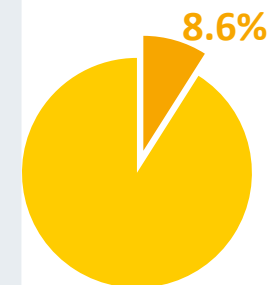
North America BD



South America BD



Special Steel BD



■ EBITDA (R\$ million)

— EBITDA Margin (%)

● Adjusted EBITDA share by Business Division (last 12 months)

# NORTH AMERICA

## BUSINESS DIVISION OUTLOOK



**Robust end use demand** in many sectors, with strong backlog.



**Infrastructure investment package** (\$1.2 tri) will generate additional demand for steel.



**Product portfolio expansion and enhanced cost structure** (Petersburg, Cartersville and Whitby).



Opportunities in **renewable energy** growth.



**Asset Capacity utilization around 90%.**

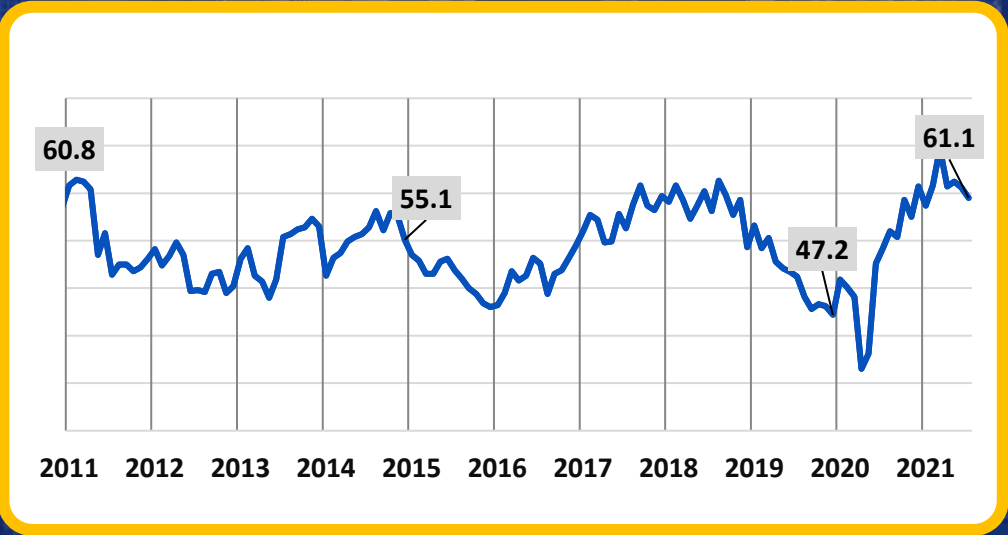


# NORTH AMERICA BD INDICATORS

## GROWTH IN THE MAIN INDICATORS

### MANUFACTURING PMI

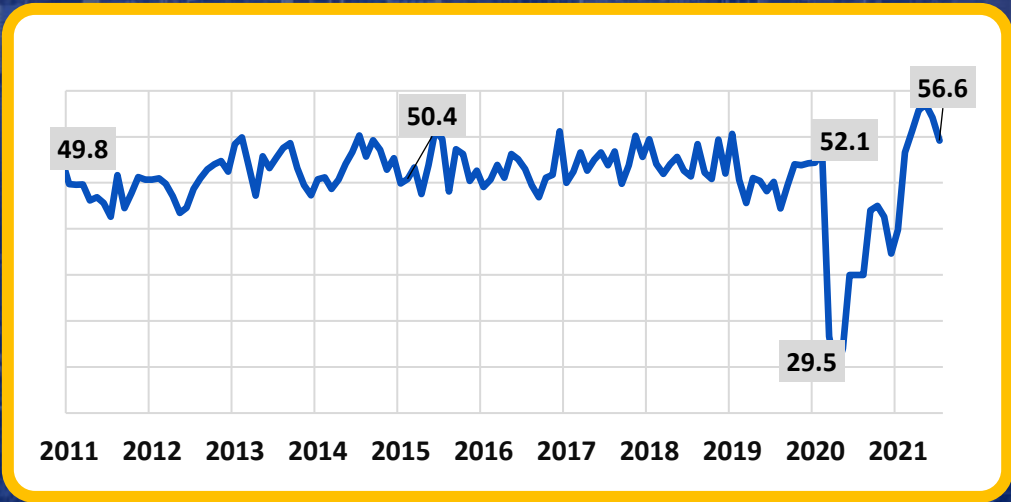
61.1 in September



Source: ISM

### ARCHITECTURAL BILLINGS INDEX (ABI)

56.6 in September



Source: AIA



# NORTH AMERICA

## OUR AMBITION



**CULTURE**



**MARKET POSITION**



**ASSET STRATEGY**

Modernization of





# NORTH AMERICA

## INVESTMENTS



**Cartersville Rolling Mill Upgrade**

**Petersburg Rolling Mill Upgrade**

**Whitby Melt Shop Modernization & Expansion**



**OVER \$130M INVESTED**





# BRAZIL

## BUSINESS DIVISION OUTLOOK



**Long and flat steel demand remain solid**



**Capacity utilization around 80%**



**Our business model is allowing us to quickly capture market opportunities**



**Strategy execution as plan and enhancing our market positioning**



# BRAZIL

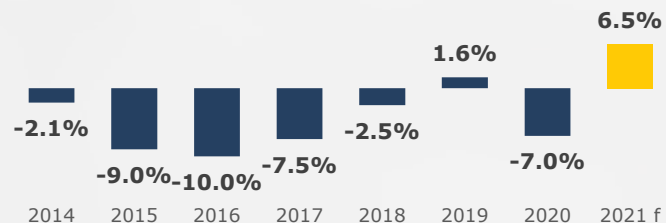
## CONSTRUCTION SECTOR OUTLOOK

**Construction activity** remains strong, with an increase in property launches and sales.

### CONSTRUCTION

+6.5% in 2021

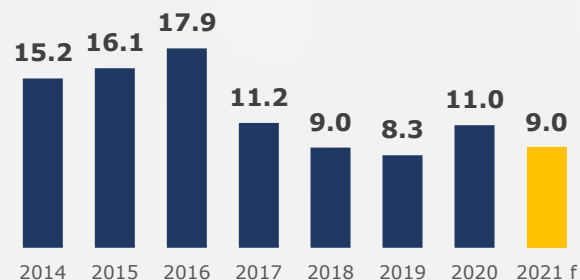
#### CONSTRUCTION GDP



Source: Tendências - Sep/21

### REAL STATE (São Paulo - Months)

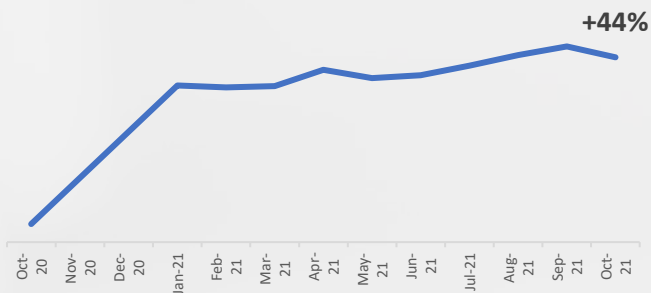
Low inventory



Source: Secovi Aug/21

### CONSTRUCTION SITE

October/21 vs October/20



Source: Neoway

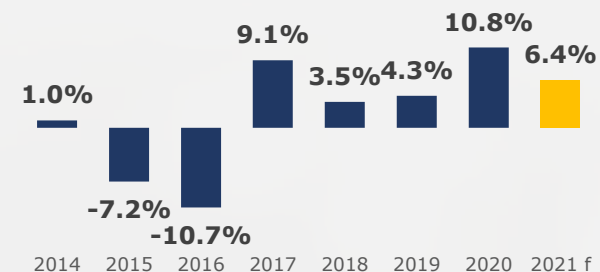
### INFRASTRUCTURE (R\$ billion)



Source: ABDIB

### RETAIL

+ 5.9% in 2021



Source: Tendências Sep/21

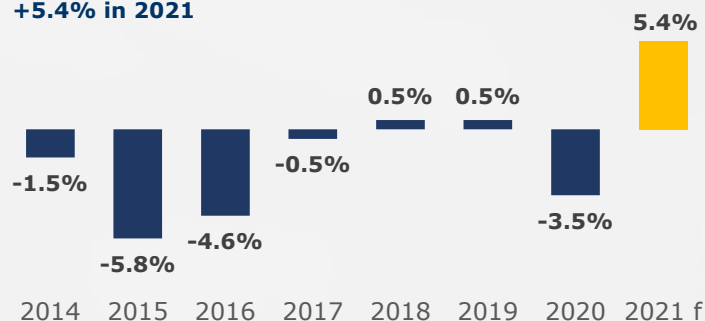
# BRAZIL

## INDUSTRY SECTOR OUTLOOK

**Industry:** strong recovery, featuring the agricultural, energy and road equipment sectors.

### INDUSTRY

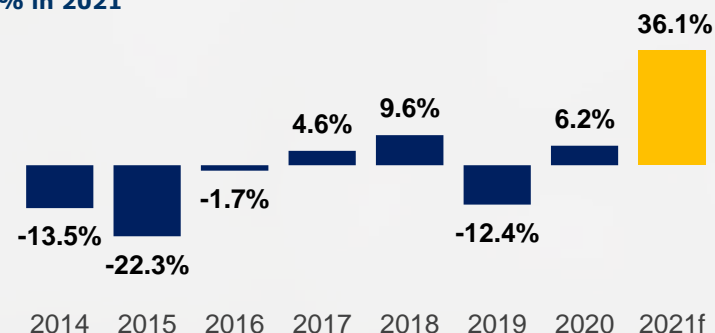
+5.4% in 2021



Source: Tendências Sep/21

### MACHINERY AND EQUIPMENT FOR AGRICULTURE

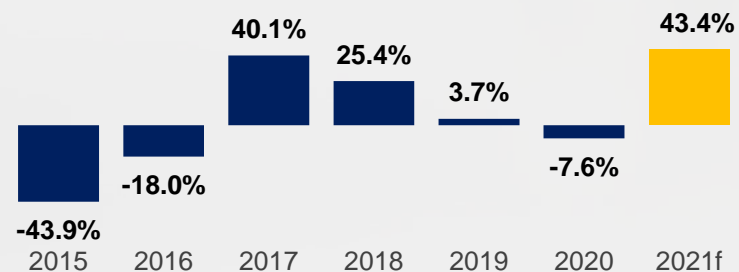
+36.1% in 2021



Source: Tendências Sep/21

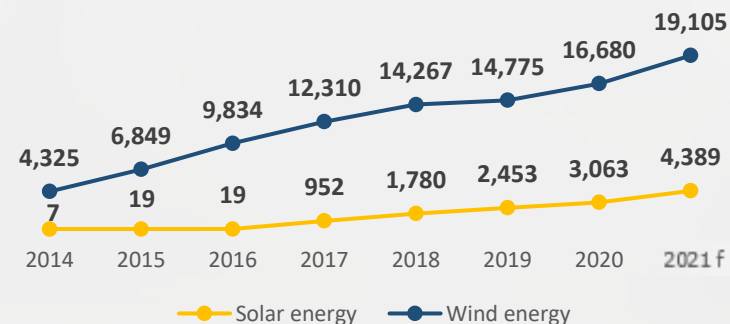
### YELLOW LINE PRODUCTION

+43.4% in 2021



Source: Tendências Sep/21

### RENEWABLE ENERGY INSTALLED CAPACITY (MW)



Source: ANEEL



# BRAZIL

## INVESTMENTS



### Growth

**HRC expansion: + 250,000 t/ year**

**Beams expansion: + 500,000 t/ year**

**Caucaia mill (former Silat)**

**Araucaria mill resumed: up to 500,000 t/year of crude steel**



### Sustainability/ Competitiveness

**Digital 4.0**

**Forest expansion: + 50,000 ha**



### Adding Value

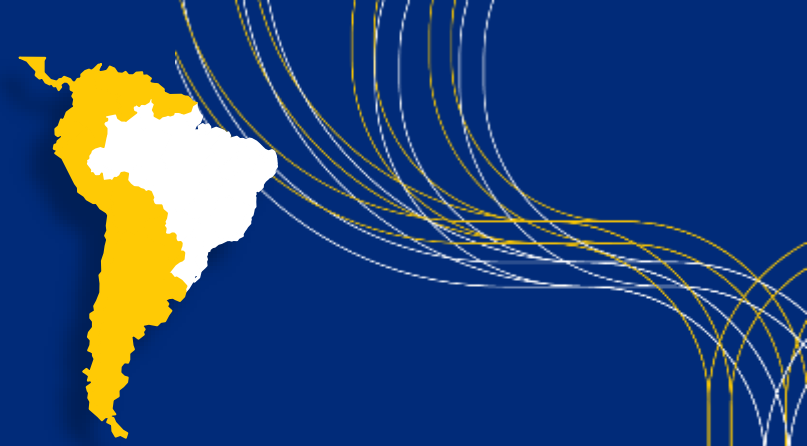
**Comercial Gerdau**

**Product portfolio expansion**



# SOUTH AMERICA BUSINESS DIVISION

## OUTLOOK



**Peru:** Positive market performance, with strong demand from the construction sector.



**Argentina:** Continuity of good levels of activity in construction and agriculture sectors. Normalization of production.



**Uruguay:** Continuity of good activity levels in construction, featuring infrastructure.



# SPECIAL STEEL

## BUSINESS DIVISION OUTLOOK



### **Brazil:**

Prominent heavy vehicles production, due to the performance of the agribusiness and construction sectors. Good prospects for wind energy. Restrictions on semiconductors to produce light vehicles continue.



### **USA:**

Positive performance of the oil and gas, and automotive sectors (especially heavy vehicles). Restrictions on semiconductors to produce light vehicles continue.

# CAPEX – SPECIAL STEEL BD (BRAZIL)

## CLEAN STEEL – CUSTOMER OF THE FUTURE



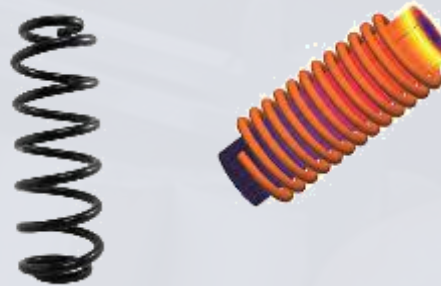
### Wheel Hub

**HUB3 (3rd generation):**  
Replaces bearing steel and  
integrates the set,  
eliminating assemblies



### Coil Springs

**ITW cold-rolled springs:**  
lighter weight and greater  
strength than hot-rolled  
springs



- Pinda plant modernization aligned with the perspective of an increase in the production of electric and hybrid vehicles.
- In 2030, 9% of hybrid units and 3% of electric units should account for the light vehicles market in Brazil. (Source: IHS).
- New continuous casting machine with cutting edge technology and improved efficiency.
- Higher quality and added value products.





120 

**GERDAU**  
*next*

# GERDAU NEXT REINFORCES OUR VISION OF LONG-TERM GROWTH

## STRATEGIC VERTICALS

### SUSTAINABILITY



*Renewable Energy*



*Circular Economy*



*Advanced Materials*



*Logistics + Logtech*

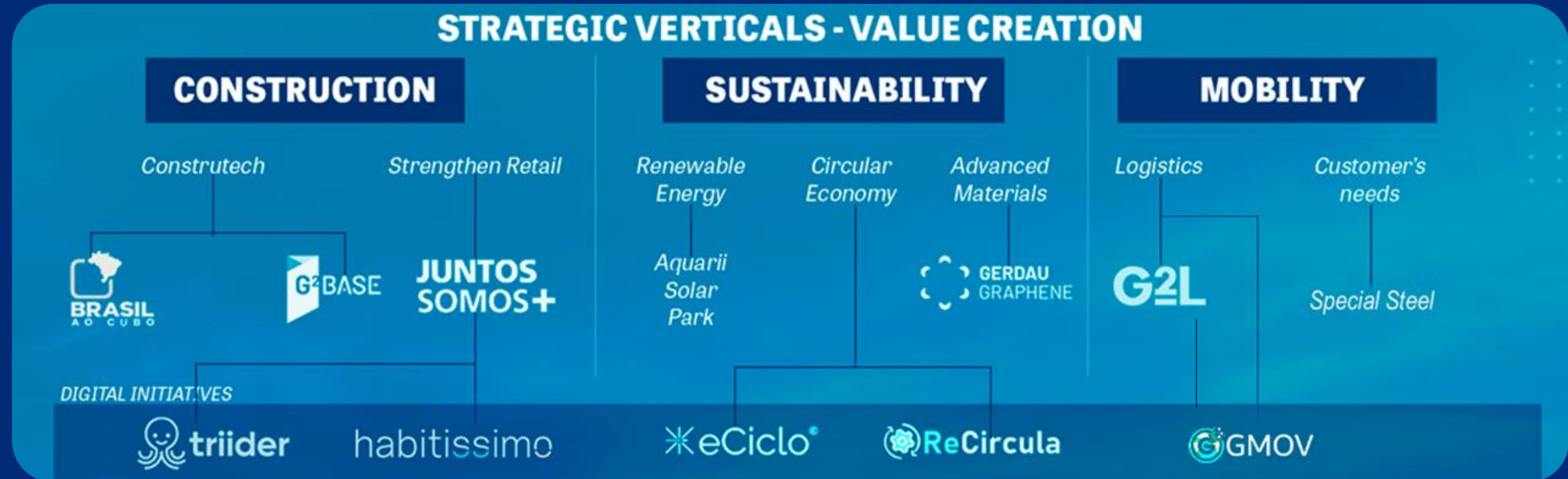


*Construtech + Retail*

**Diversify** Gerdau's business portfolio, with products and services **complementary** to steel



# NEW RELEVANT AND PROFITABLE BUSINESSES IN STRATEGIC SEGMENTS



All new businesses are born with **digital as an integrated solution.**

# CONSTRUCTIONS USING A SYNERGISTIC MODEL BETWEEN GERDAU AND GERDAU NEXT COMPANIES



Steel



Construtech



Construction  
base



Logistics



Pulp warehouse  
under construction  
in the north of Brazil.



In 100 days, Brasil ao Cubo  
delivered the first 8-story off-site  
modular building in Latin America.



# JV JUNTOS SOMOS MAIS

**LARGEST BRAZILIAN CONSTRUCTION MATERIALS  
MARKETPLACE AND LOYALTY PROGRAM JOINT VENTURE  
BETWEEN VOTORANTIM CIMENTOS, GERDAU AND TIGRE**

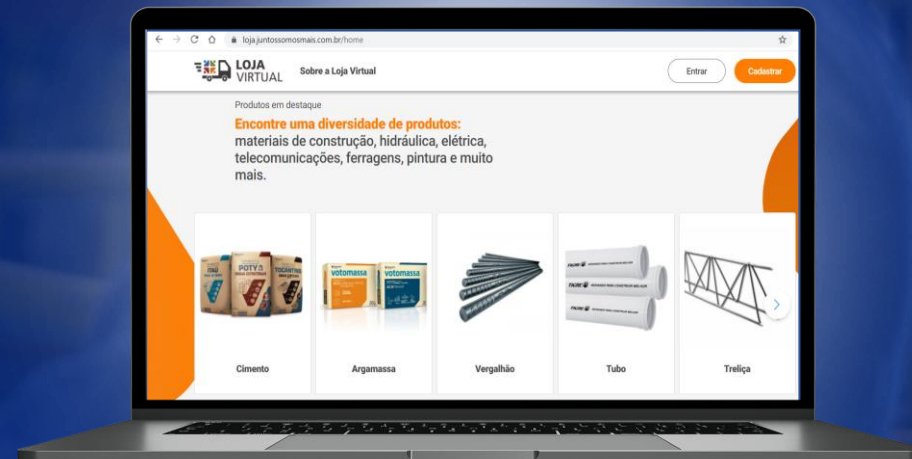
**90 k stores and 1 million professionals**

**30+ participating companies**

**B2B marketplace GMV of USD 1.4 billion**

**B2C Digital Triider + Habitissimo BR**

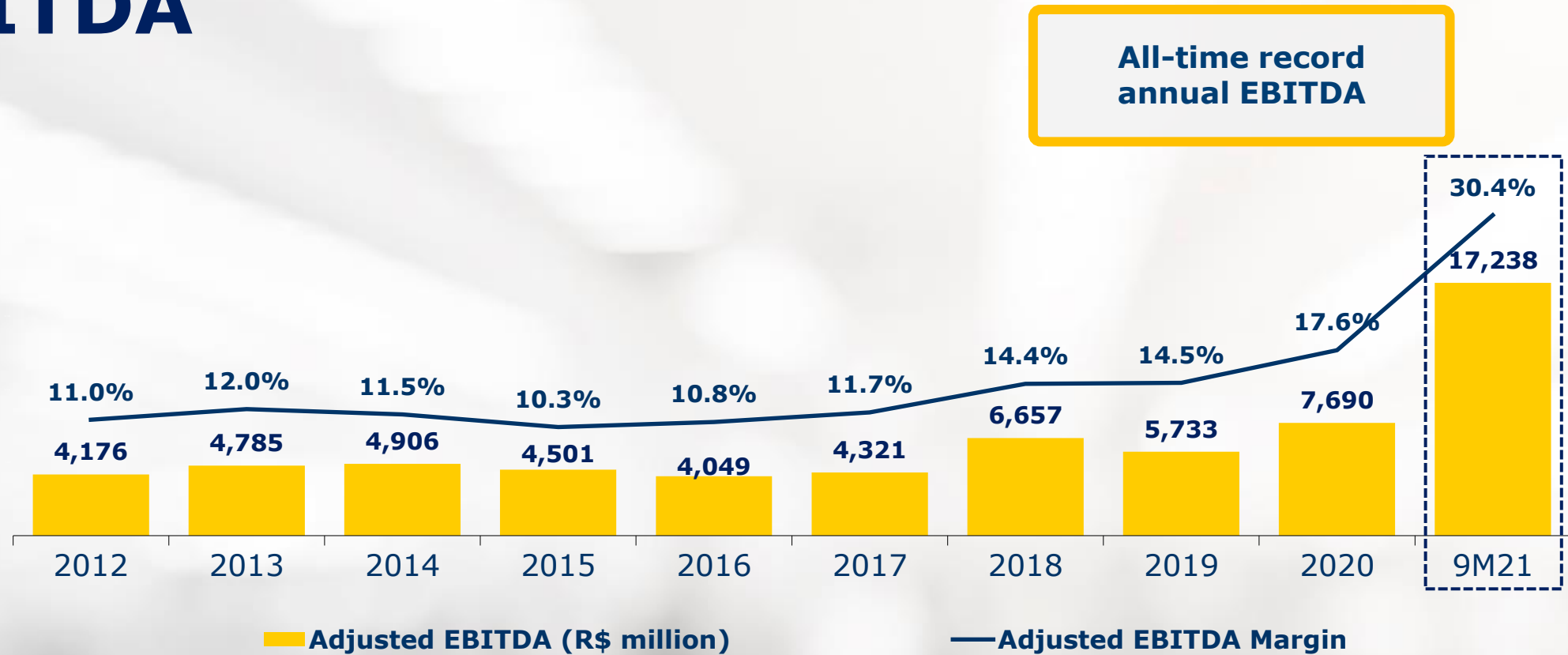
Connection of PROs-End consumers for house renovations





# Financial Results

# EBITDA



**High demand in the steel sector in all countries** where the Company operates.



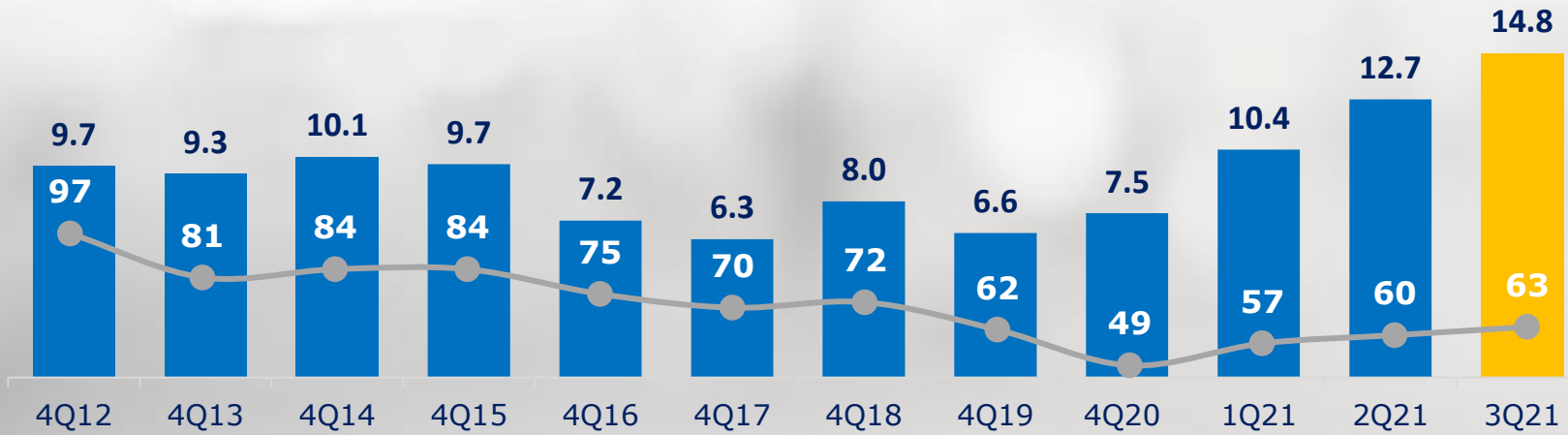
**Teams' ability** to absorb market opportunities.



Important **reduction in SG&A** as a **percentage of net revenue**.

# FCF & WORKING CAPITAL

**Free Cash Flow**  
R\$ million



■ Working Capital (R\$ billion) ● Cash Conversion Cycle (days)

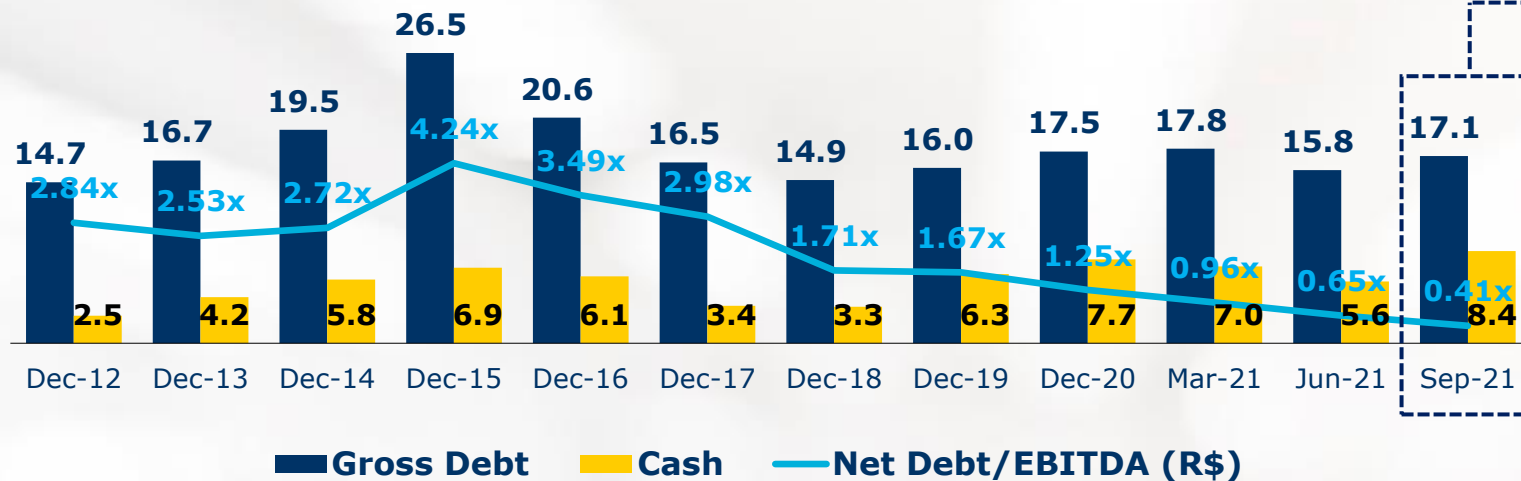
**Working Capital & Cash Conversion Cycle**



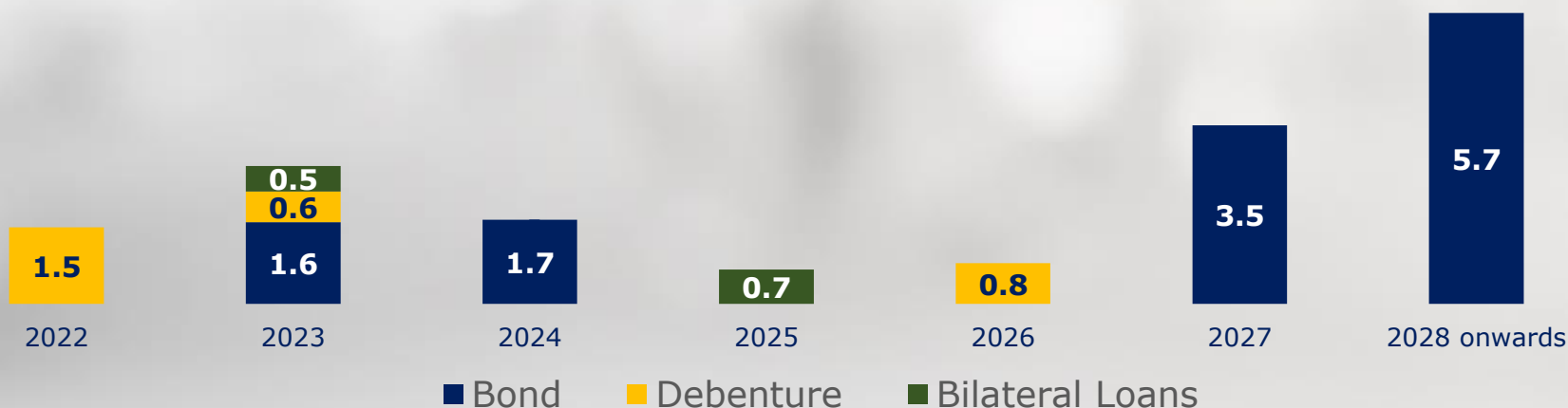
# LIQUIDITY & INDEBTEDNESS

## EXTENDED DEBT PROFILE

**Debt & Leverage**  
R\$ billion



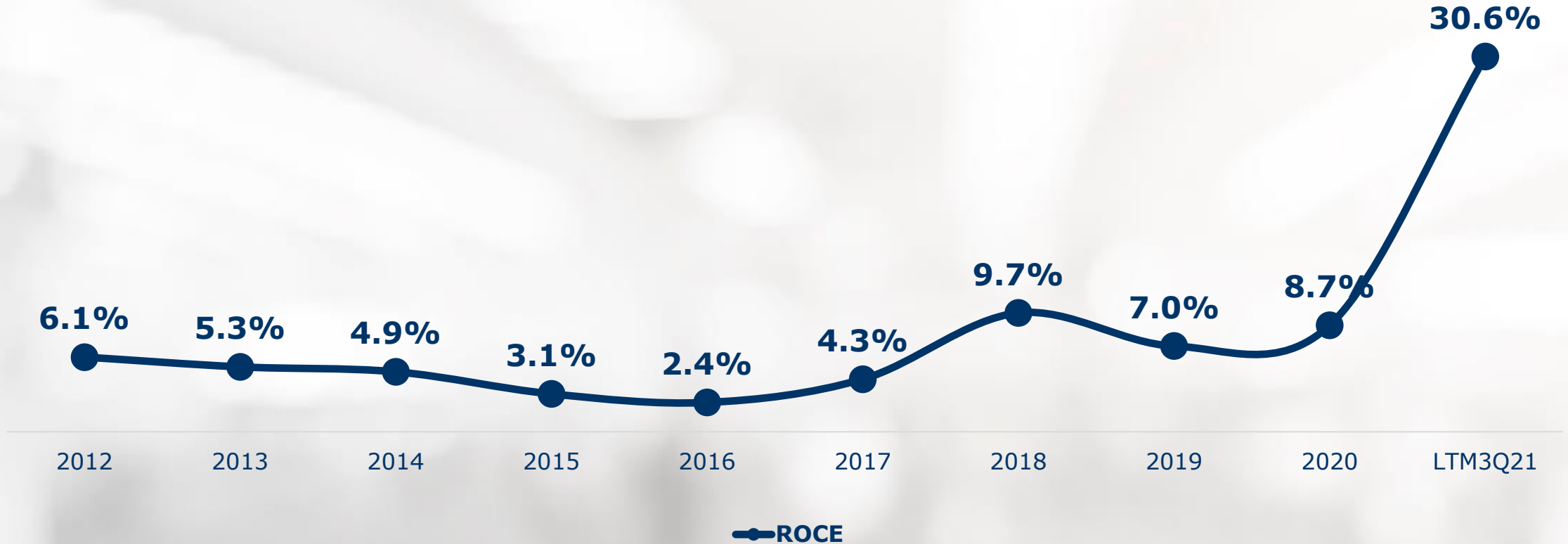
Lowest Net Debt/Ebitda ratio in 14 years



Average Cost of Debt **6.1% p.a.**  
Debt Maturity **7.5 years**

# RETURN ON INVESTMENT

## ROCE (1) (RETURN ON CAPITAL EMPLOYED)



(1) ROCE = NOPAT/LTM capital employed

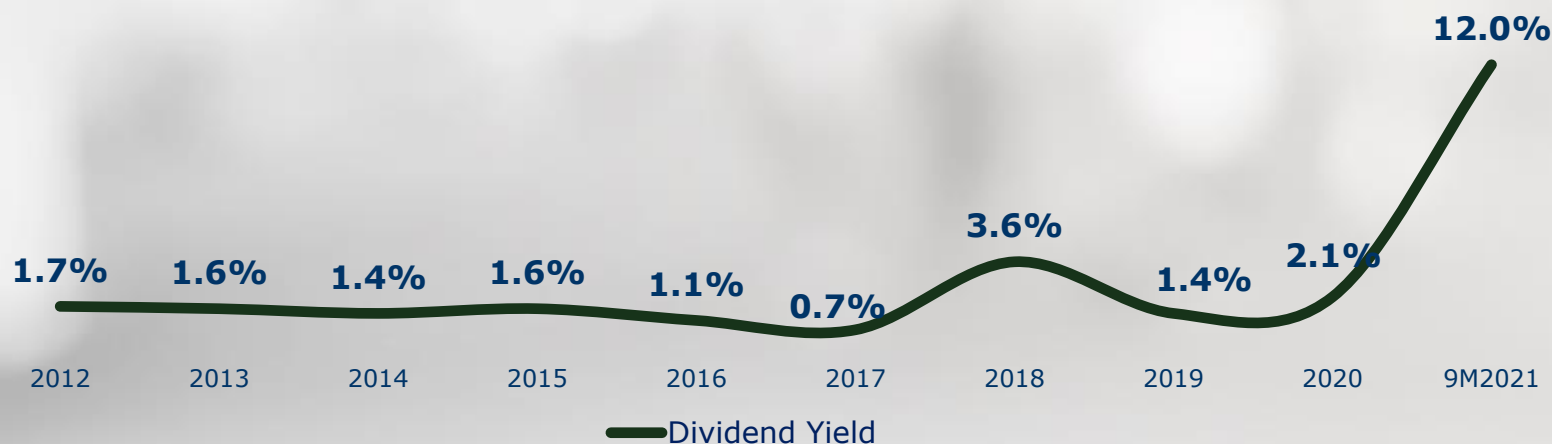
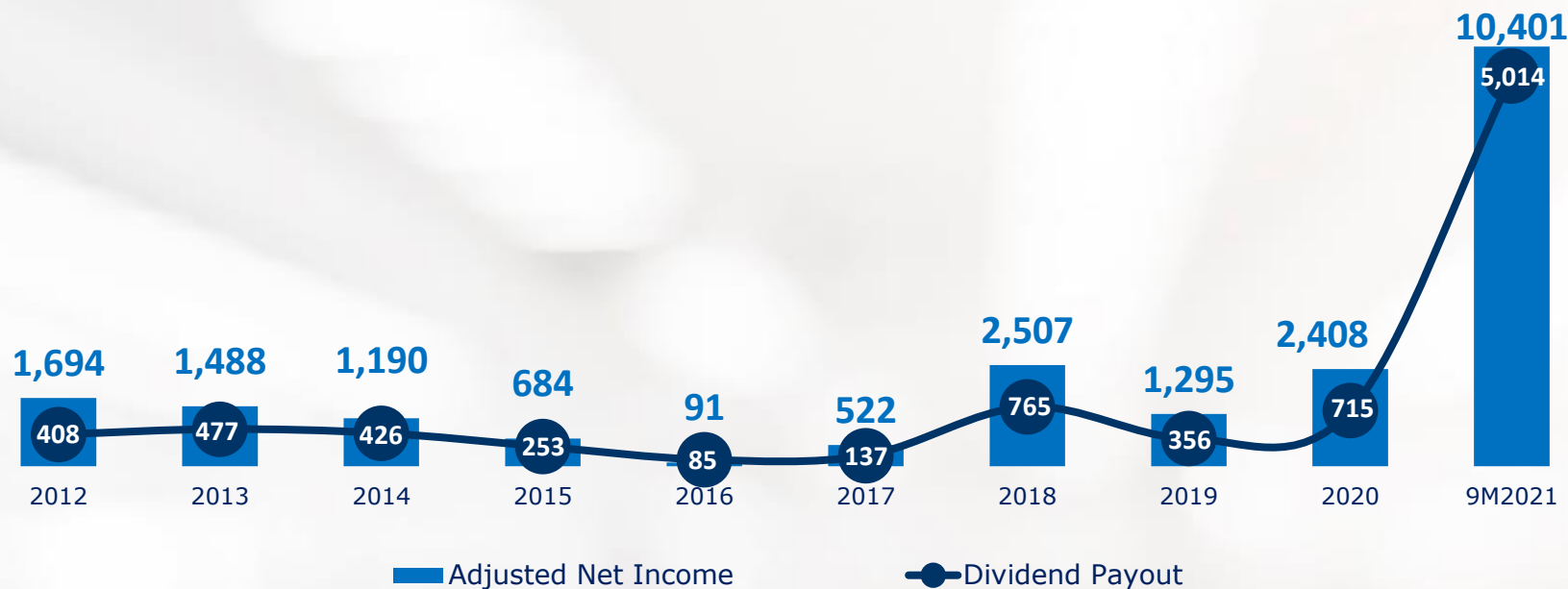
NOPAT = Net Operating Profit After Tax

Capital Employed = Working Capital + PPE + Goodwill + Other operational assets and liabilities

LTM = Last twelve months

# RETURN TO SHAREHOLDERS

**Adjusted  
Net Income  
& Dividend  
Payout**  
R\$ million



**Dividend Yield  
GGBR4(1)  
%**

(1) Dividends paid/share price at the beginning of the period  
LTM = Last twelve months

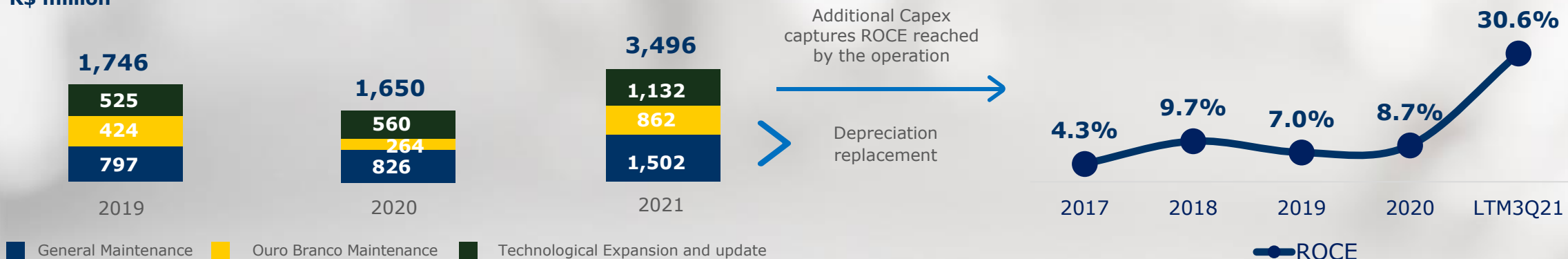
Price (R\$/share): 2012: 12.31; 2013: 15.48; 2014: 16.05; 2015: 9.58; 2016: 4.65; 2017: 10.80; 2018: 12.38; 2019: 14.82; 2020: 20.00; LTM2Q21: 16.01



# CAPEX

OBJECTIVE	INCREASE CAPACITY	WHERE	AMOUNT (IN US\$ MILLION)	ADDITIONAL CAPACITY (IN 1,000 TONNES)	CURRENT EBITDA PER TONNE (IN US\$)	START DATE
INCREASE CAPACITY	BEAMS & MERCHANT BAR	NORTH AMERICA	130	400	224	2022
INCREASE CAPACITY	HRC	BRAZIL	200	250	466	2024
INCREASE CAPACITY	STRUCTURAL BEAMS	BRAZIL	300	500	466	2025
PORTFOLIO IMPROVEMENT	-	SPECIAL STEEL	140	-	224	2022

## Capex outlook R\$ million



# CAPITAL ALLOCATION

**FCF**

**DIVIDENDS**  
**R\$ 5.0 billion**  
**(9M2021)**

**CAPEX 2021e**  
**R\$ 3.5**  
**billion**

**Working capital**  
**(September/21)**  
**R\$ 7.3 billion**

**CASH**  
**SURPLUS**

**GROSS DEBT**  
**REDUCTION**

**SEPTEMBER/21**  
**R\$ 17**  
**billion**

**R\$ 12 BILLION**  
**TARGET IN**  
**FINANCIAL**  
**POLICY**



**FUTURE**



# KEY MESSAGES

**SIMPLICITY AND AGILITY  
TO OVERCOME CHALLENGES  
AND GENERATE VALUE**

## ROOTS OF THE PAST...

- Captive scrap
- Own iron ore
- Integrated and mini-mill balance
- Geographic diversification
- Operational excellence to strengthen the business

## ...EVOLVING...

- Divestment of non-core assets (R\$ 7 billion)
- Focus on the Americas
- SG&A efficiency: gain of US\$ 300 million annually (last 5 years)

## ...TO SHAPE THE FUTURE

- ESG
- Gerdau Next
- Digital mindset
- Operational excellence as a core business strength
- Organic growth and opportunistic M&A



# DIGITAL TRANSFORMATION

## OF OUR CUSTOMER JOURNEY IN 2021



**\$30**  
**MILLION**

Revenue added through  
sources of digital  
(\$10 million in 2020).



**35% US**  
**12% BR**

Volume through  
Digital Channels



**9k**

New customers  
captured through  
digital channels  
(BR).



**44kt**

of sales were  
captured  
through digital  
channels (BR).



# WHAT ARE THE GERDAU'S THREATS?

## SHORT-TERM:

**Covid-19  
(new variants)**

**Presidential elections  
in Brazil (2022)**

**Global semiconductor  
shortage**

**Cost inflation**

## MEDIUM/LONG-TERM:

**Brazil and USA  
supply/demand**

**Steel sector  
decarbonization**

**Scrap higher  
demand (globally)**

**Latin America  
political frictions**

# ESG

Environmental, social and governance

# GERDAU ESG STRATEGY

JOURNEY ALIGNED WITH DIGITAL STRATEGY

## ESG ON LONG-TERM EXECUTIVE INCENTIVE PLAN:



**Reduction of  
Greenhouse Gases  
emissions  
(t CO2/t steel)**



**Increase women  
in leadership  
positions to 30%  
by 2025**



**Value creation  
(EVA)**

## ESG PRIORITIES:

**GERDAU**  
*next*

**Gerdau Next  
with focus on  
sustainable  
solutions**



**+ Diversity  
+ Inclusion**



**Risks plainly  
mapped**





# Corporate Governance



# CULTURAL

## TRANSFORMATION



**Safety first** – No result is more important than people's lives.



**Autonomy** – We take responsibility for making the best decisions for the business.



**Doing what's right** – Ethics and respect are essential in everything we do.



**We are all leaders** – We are engaged and committed to our development and the development of those around us.



**Every customer is unique** – We work to make each customer's business thrive, driving mutual success.



**Creating value for everyone** – We accomplish our purpose by sustainably creating value for all our stakeholders.



**Openness** – We don't know everything, and we believe that a team will always achieve better results than an individual.



**Simplicity** – We focus on what adds value. As a result, we become more agile and improve productivity.



**Diverse and inclusive environment** – We have created a diverse and inclusive environment where everyone can be heard, respected, and have opportunities.



**Learning, unlearning, relearning** – We believe that in order to continue evolving, it is essential to adapt to new scenarios, innovate, and find better ways of working.

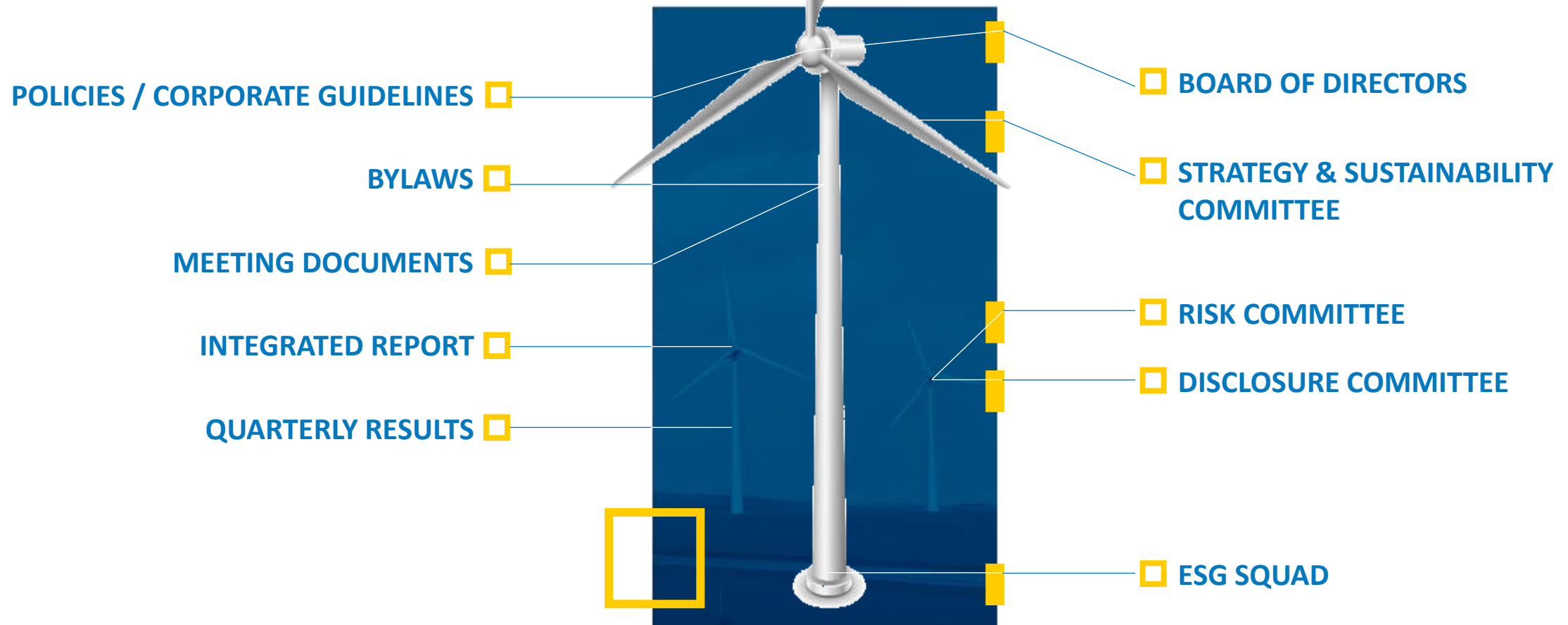


Disclosure

# Efforts

Decision-making



















# Process





# Scorecard

# ESG

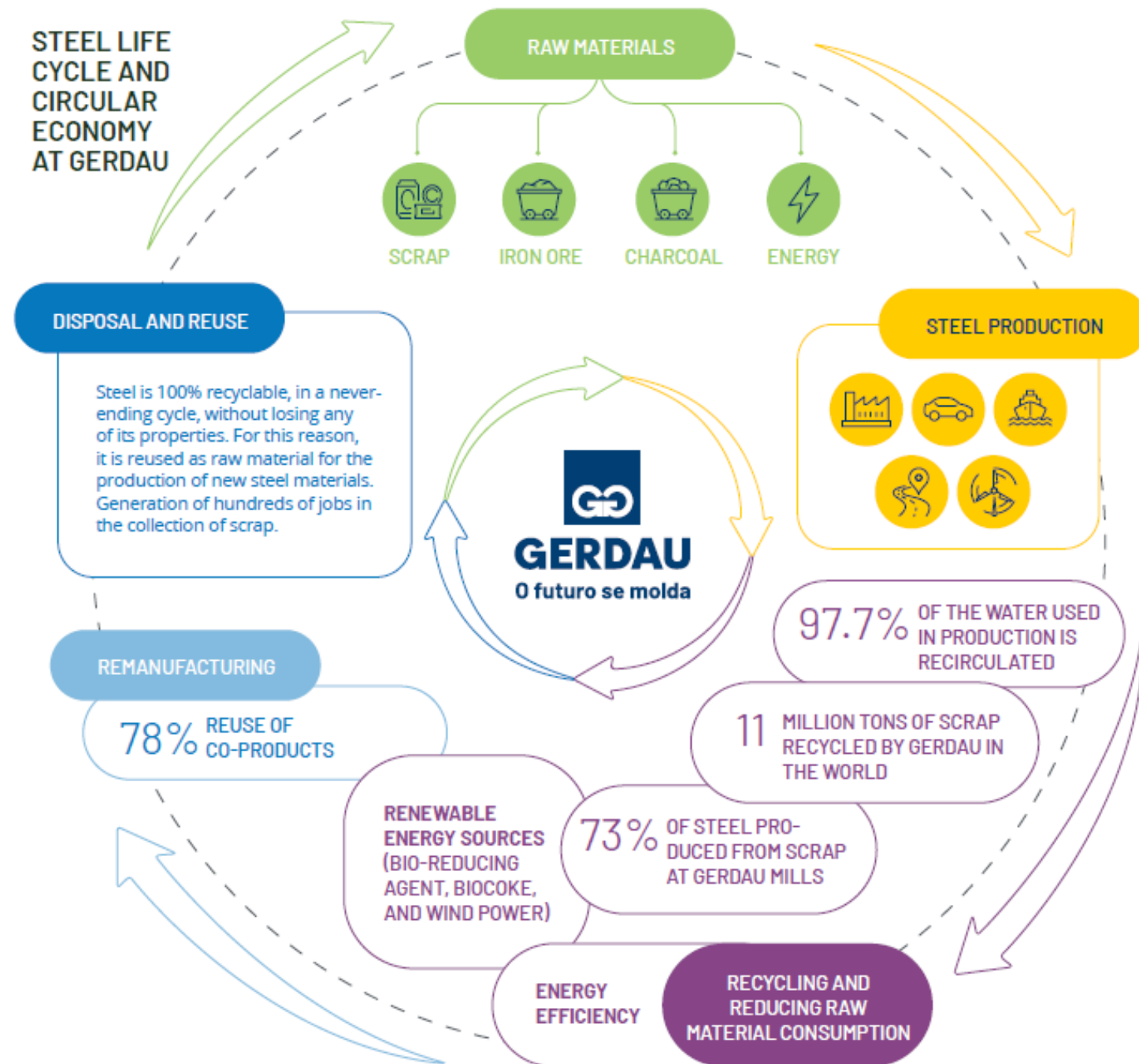
DIMENSION	INDICATORS	2018	2019	2020	ASSOCIATED MATERIAL TOPICS	ASSOCIATED SDG
 Environmental	Greenhouse Gases per volume of steel (tCO <sub>2</sub> /t steel)	-	0,96	0,93	Climate Change Mitigation and Adaptation and Energy Management	 
	Water Consumption (m3/t steel)	3,21	4,09	3,91	Water and Wastewater Management and Stakeholder relations	 
	% of reuse of co-products	75	78	78	Circular economy, energy management, and innovation and digital transformation	 
 Social	% active volunteers	21	23	5,7	Stakeholder relations	
	Number of people benefited	20.491	58.730	665.866	Stakeholder relations	
	% of social investments made in relation to gross profit	0,20	0,31	0,56	Stakeholder relations	
 People	% of women in leadership positions (Brazil BO)	17	17	22	Diversity and inclusion	 
	% of women in the company (Brazil BO)	11	12	13	Diversity and inclusion	
	% of Blacks in leadership positions (Brazil BO)	12	16	25	Diversity and inclusion	
	% of PwD in the company (Brazil BO)	2,60	2,80	2,90	Diversity and inclusion	
	Health and safety index (severity rate)	463	160	244	Occupational Health and Safety	 
 Governance	ICVM 586 - Brazilian Corporate Governance Code	56%	57%	67%	Ethics and Corporate Governance	
	EVA - Economic value added(manager/(managerial information)	-1,80%	-3,97%	0,00%	Ethics and Corporate Governance	
	Personnel (R\$ millions)	5.043.856	4.517.403	5.216.144	Ethics and Corporate Governance	
	Taxes, fees and contributions (R\$ millions)	1.853.641	2.679.237	3.720.556	Ethics and Corporate Governance	
	Remuneration of third-party capital (R\$ millions)	2.117.794	1.757.103	1.917.421	Ethics and Corporate Governance	
	Return on equity (R\$ millions)	2.326.382	1.216.887	2.388.054	Ethics and Corporate Governance	



# Environmental



## STEEL LIFE CYCLE AND CIRCULAR ECONOMY AT GERDAU



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.



- **254.000 hectares at Gerdau Florestal**
- **91.0 thousand hectares of biodiversity conservation area, with 74.8 thousand hectares of Legal Reserve and APP**



Own renewable eucalyptus forests in Minas Gerais (Brazil).

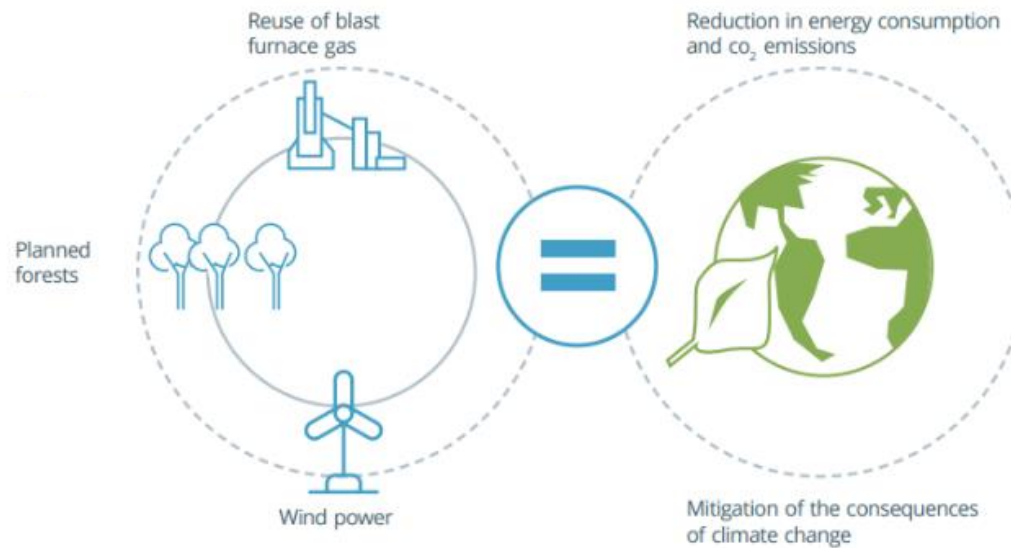
# Transparency in Carbon Emissions

## CO<sub>2</sub> Emissions

Gerdau: 0.93 tCO<sub>2</sub>e/t of steel produced

Gerdau's emissions are approximately half of the global average for the steel industry: 1.83 tCO<sub>2</sub>e/t steel produced.

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.



## REDUCTION OF EMISSIONS IN 2020

In 2020, we totaled 0.93 tCO<sub>2</sub>e/t of steel produced.

The accounting for emissions from non-steel producing units was included, such as mining, slitting, and folding facilities and metallurgical operations.

The reduction in greenhouse gas emissions compared with the previous year is due to better performance of the integrated unit that uses non-renewable coal, even with an increase in its production in relation to the other production methods. Another factor that contributed to this result was the adoption of renewable energy emission factors at our units in Canada, validated by third-party auditors. We audit 92.3% of our emissions, which was an increase of 24% compared to the previous year, further reinforcing the transparency of the data reported and the reliability of the information.



# 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.

▣ **97.7% of the water used in production is reused**



Gerdau Germinar Biocenter — Ouro Branco (MG).



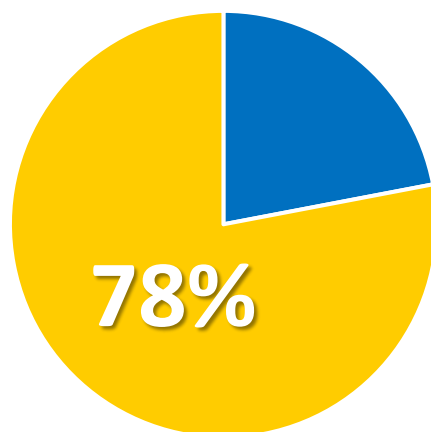
# Management of By-products

In 2020, the Gerdau **generated reused 78%** of these materials internally or in external partnerships.

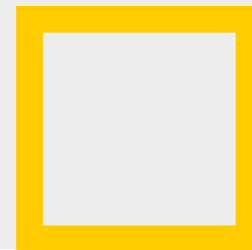
▣ **REUTILIZATION**

▣ **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.

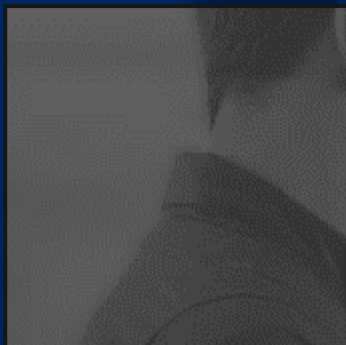


# Recycling of Scrap

Gerdau scrap Yard.



**In 2020, Gerdau recycled more than 11 million tons of scrap at its mills in Brazil and the Americas. In other words, 73% of the steel produced by Gerdau uses ferrous scrap as its main feedstock.**



# Social



**GERDAU**

Shape the future

# Health and Safety First

- 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.



In 2020, Gerdau held its global health and safety meeting, adapting it into an online event with the participation of the main company leaders. The main safety highlights in the period are the following:

- In 2020, we recorded the lowest historical injury frequency rate, reaching 0.86. This achievement is the result of our efforts to prioritize the training of employees in behavioral actions, which led to a reduction in the number of work-related accidents.
- We reinforced training for employees to identify events with a high potential for serious injuries and fatalities, known by the acronym PSIF, to eliminate the risks of these events.
- A global contest was held to engage employees on the topic of safety, developing people who are better trained to identify potential risks for events with a high potential for serious injury or death. In this way, we reinforce our culture of safety, recognizing that prioritizing people's safety is a principle that must always be remembered and practiced.
- Advances in Safety 4.0 by using technology to control risks.



# GERDAU

## DIVERSITY PROFILE

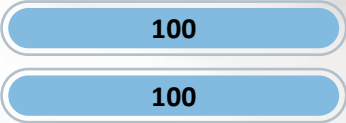
Key Gender

Men Women

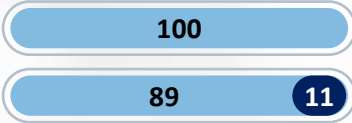
### Governance Bodies:

Fiscal Council  
Board of Directors

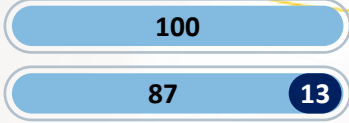
2018



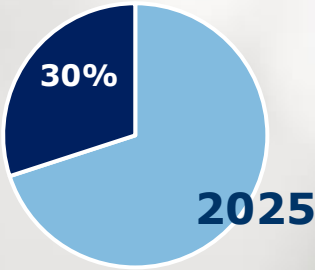
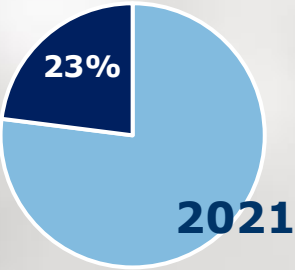
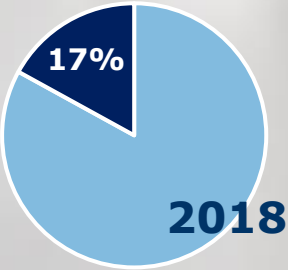
2019



2020



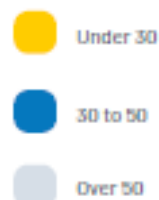
### Women Executive:



# GERDAU'S DIVERSITY PROFILE

GRI 405-1  
DIVERSITY OF GOVERNANCE  
BODIES AND EMPLOYEES

## KEY AGE GROUP:



## KEY GENDER:

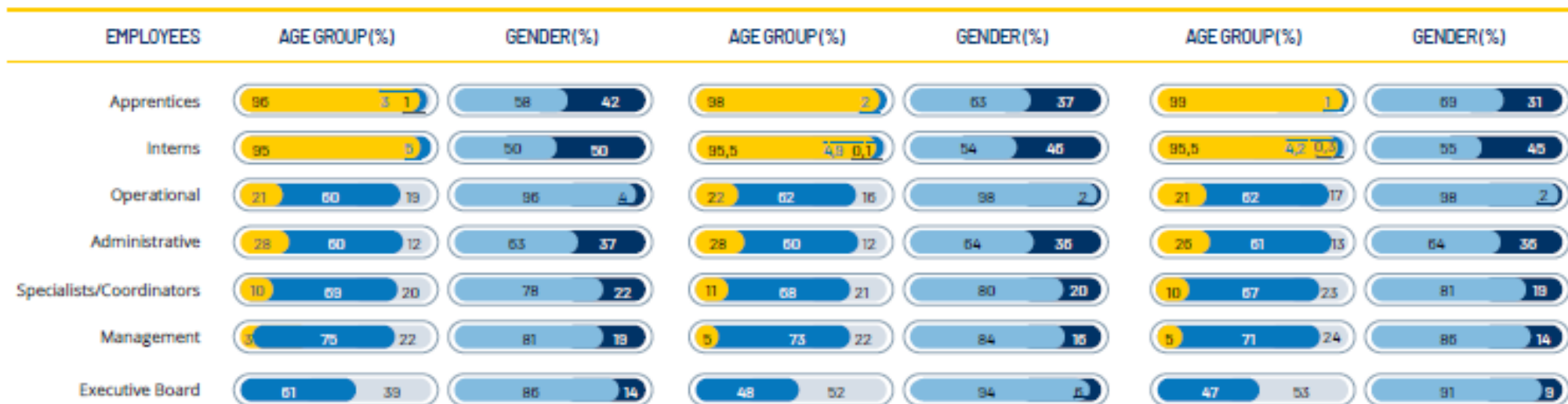


## EMPLOYEES BY EMPLOYMENT CATEGORY, AGE GROUP, AND GENDER

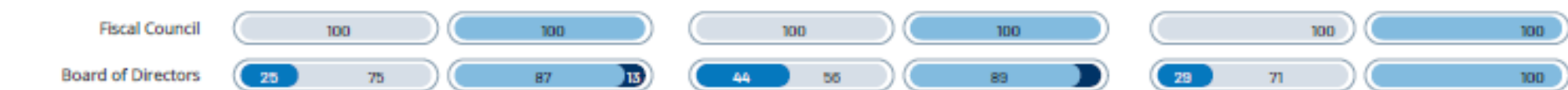
2020

2019

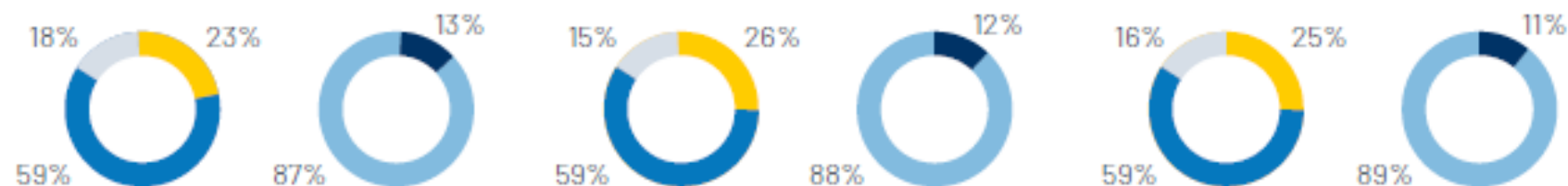
2018



## MEMBERS OF GOVERNANCE BODIES



## GRAND TOTAL



# Social Responsibility

2020 numbers:



665,866

PEOPLE BENEFITED



1,538

VOLUNTEERS WORKING



R\$ 59.1 million  
SOCIAL INVESTMENTS



1.757

BUSINESS SUPPORTED



66 CITIES  
IN 10 COUNTRIES



## 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 Corporation in 5 years.

The B Corporation 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 resistance 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.

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



### COMMITMENTS





## INVESTOR RELATIONS

**CFO & IRO:** Harley Scardoelli

**IR General Manager:** Rodrigo Maia

**IR Team:** Cristiene da Costa, Flavia Alves, Rafael Mingone and Sergio Tonidandel

