



3Q24

Earnings Release

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November 6, 2024

DISCLAIMER

This document may contain forward-looking statements. These statements are based on estimates and information 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.

HIGHLIGHTS



PEOPLE'S SAFETY

Continuous reduction in the **frequency rate**¹ of injuries or accidents



STEEL SHIPMENTS

2.8 Mt

QoQ and YoY **growth**, amidst steel **oversupply** and a challenging **macroenvironment**



ADJUSTED EBITDA

R\$3.0 b

Result of **the asset optimization** and operational **efficiency gains**.

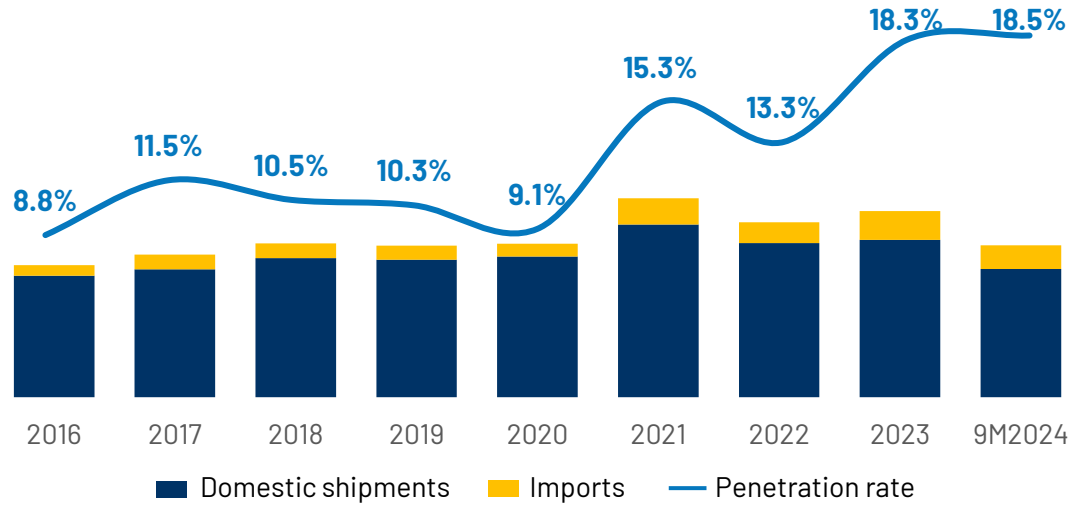


Steelie Awards

Gerdau won the main global award for the steel industry in the **"Excellence in sustainability"** category.

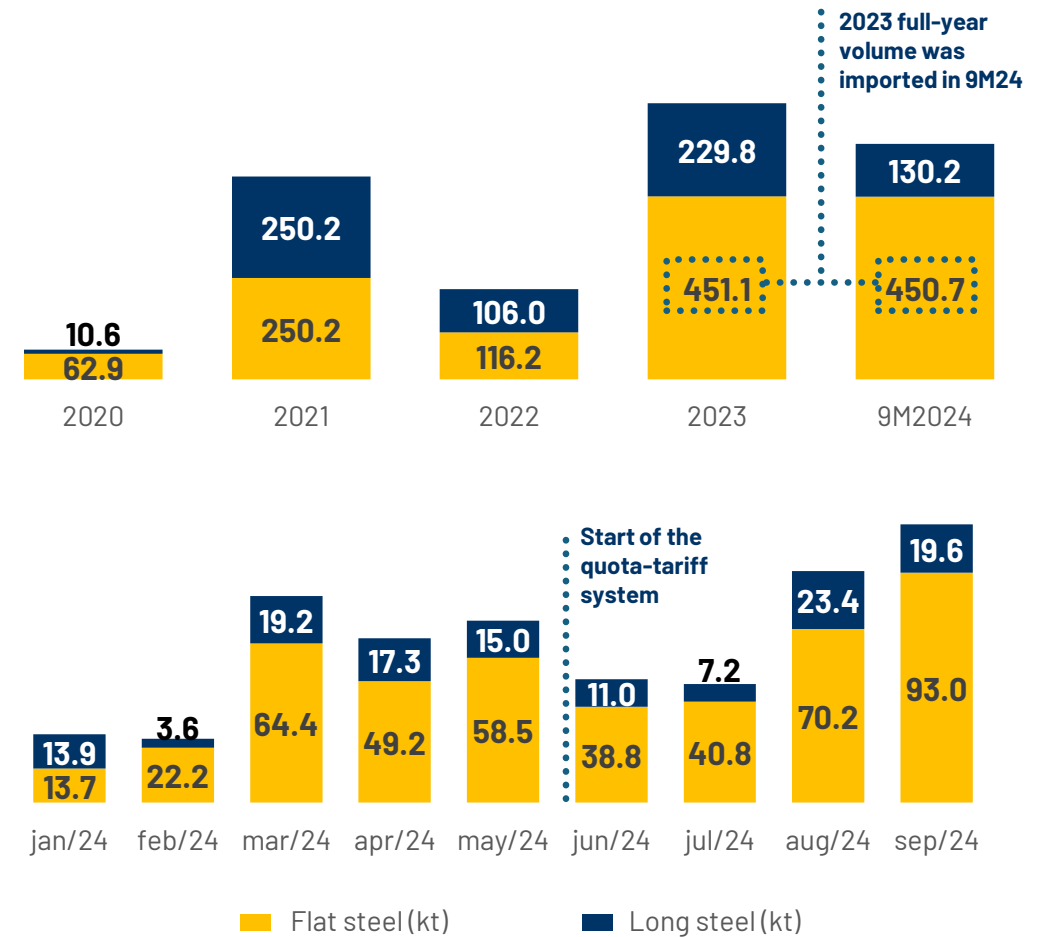
STEEL IMPORTS AND THE LOW EFFECTIVENESS OF THE CURRENT TRADE DEFENSE MECHANISM (QUOTA-TARIFF)

APPARENT STEEL CONSUMPTION BREAKDOWN



- In **Sept/24**, the penetration rate reached **20.3%**
- Average monthly imports of **~400 kt**, (**~77%** above the historical average)¹
- Growth in apparent consumption (9M24 vs 9M23)²: **+8%**
- Growth in imports (9M24 vs 9M23)²: **+13%**
- Growth in domestic shipments (9M24 vs 9M23)²: **+7%**

STEEL PRODUCT IMPORTS – QUOTA-TARIFF SYSTEM³



FINANCIAL HIGHLIGHTS



ADJ. NET INCOME:

R\$1,432 M

Growth vs.
2Q24: **52%**

EPS:

R\$0.64

Growth vs.
2Q24 **56%**



FREE CASH FLOW:

R\$3.0 b

Benefited by the **release of the judicial deposit**, higher **EBITDA**, and **working capital release**.



LEVERAGE:

0.32x

Lowest level in the **last 12 months**, benefiting from the strong cash position.



RATINGS:

Moody's and S&P Ratings

Rating upgrade with a stable outlook



CAPEX:

R\$3.8 b

In **9M24**, ~**63%** of the total **Capex** planned for the year **already invested**.



DIVIDENDS to be paid as of December 16, 2024

GERDAU S.A.: **R\$619.4 M** **R\$0.30/share**

METALÚRGICA: **R\$131.9 M** **R\$0.13/share**



SHARE BUYBACK :

Gerdau

Metalúrgica

% Executed

57%

56%

R\$ invested

~R\$729 M

~R\$194 M

% Market Cap

2%

2%



SHARE CANCELLATION:

29.6 M GGBR shares (or **77%** of the repurchased shares)

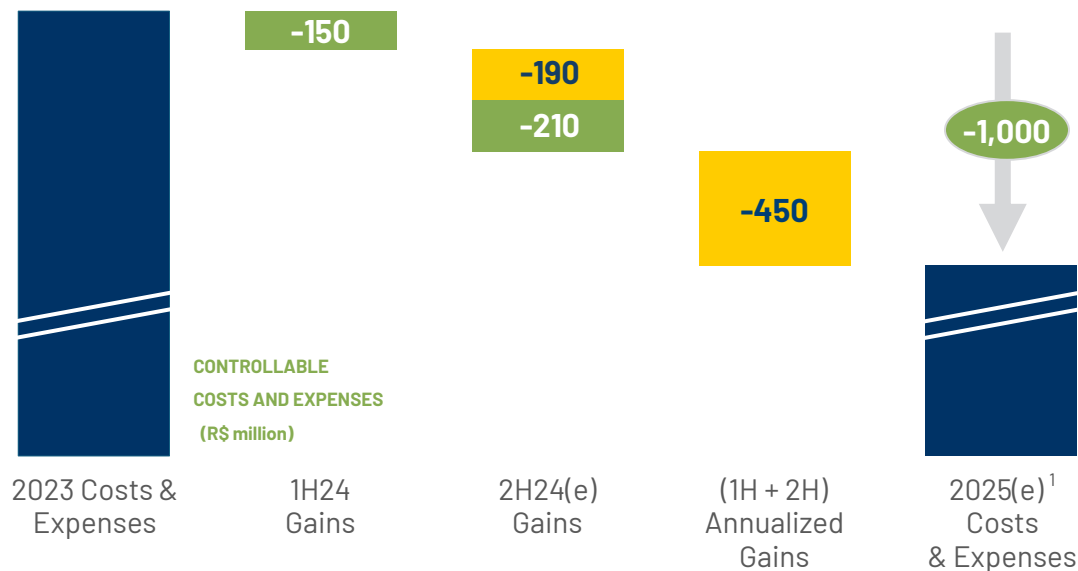
18.4 M GOAU shares (or **100%** of the repurchased shares)

COMMITMENT WITH COST DISCIPLINE AND CONTINUOUS PURSUIT OF INCREASED EFFICIENCY

Brazil BD:
~R\$1.0 billion/year



Other BDs:
~R\$0.5 billion/year



- Units idling;
 - Volume migration to other units;
 - Projects to improve efficiency;
 - Maintenance costs and specific materials optimization;
 - Higher operational leverage in production units.
- (+13 p.p. and +8 p.p. in melt shop and rolling mill capacity utilization vs 2024).

2024 Initiatives

■ North America BD

- Initiatives to control and optimize personnel, maintenance and third-party hiring;
- Whitby collective agreement concluded.

■ Special Steel BD

- Brazil:
 - Initiatives to control and optimize personnel;
 - Gains consolidation & annualization.
- U.S.:
 - Monroe collective agreement concluded;
 - Rolling mill productivity improvement.

OPTIMIZATION AND INCREASED UTILIZATION OF OUR ASSETS, BOOSTING PERFORMANCE AND PROFITABILITY

OUTLOOK

NORTH AMERICA

4Q24: Pressured margins

- Typical seasonality of the period (shipments and scrap costs) and scheduled maintenance shutdowns;
- Steel demand and prices reflect the slowdown in economic activity (presidential elections);
- Higher steel imports;
- Consolidation of initiatives for competitiveness and cost gains;

2025: Positive outlook for non-residential construction demand and government fiscal packages.

BRAZIL

4Q24: Margins maintenance

- Typical seasonality of the period (shipments) and scheduled maintenance shutdowns;
- Preparation for the start-up of hot rolled coil production in Ouro Branco;
- Increased relevance of exports, maximizing capacity utilization;
- Consolidation of initiatives for competitiveness and cost gains;

2025: Positive outlook for civil construction and automotive industry demand, and the impact of trade defense measures on steel imports.

Discipline in capital allocation through strategic capex and share buyback program



Appendices

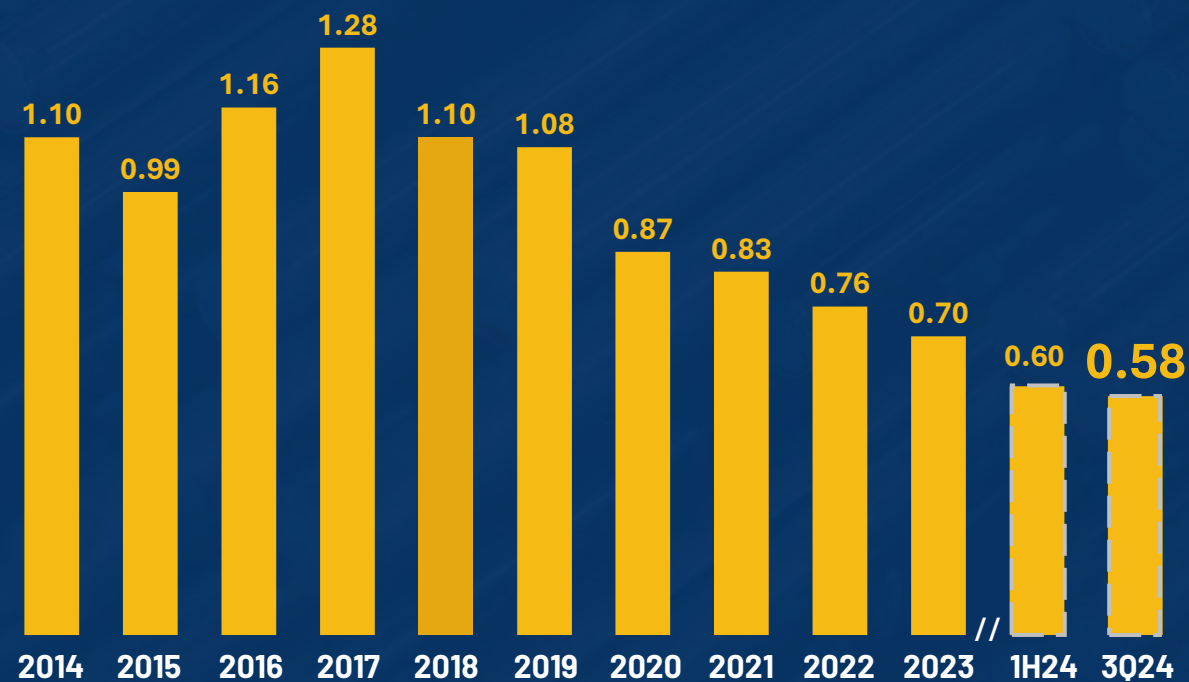
WORKPLACE SAFETY

Continuous focus on **people's safety**



Accident Frequency Rate of

0.58 in 3Q24



Number of Accidents per Million Hours Worked per GerdaU Employee



QUARTERLY OVERVIEW

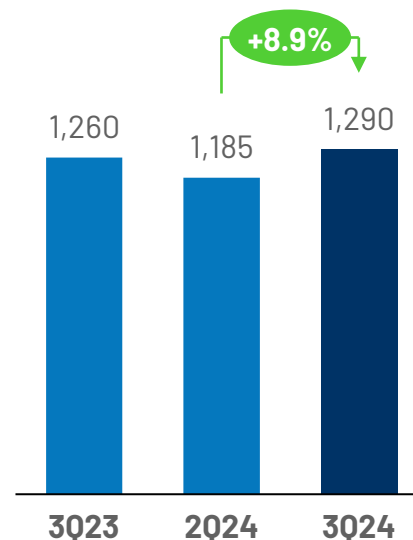
- The imported steel penetration rate reached 20.3% in September and continues to be the industry's main problem;
- The domestic market grew, driven by increased demand for long steel, especially from the civil construction sector;
- Exports also increased, benefiting from the appreciation of the U.S. dollar against the Brazilian real, improving production capacity utilization and diluting fixed costs;
- The development of initiatives to increase operational leverage and efficiency, coupled with optimized raw material consumption, led to the lowest COGS/t since 4Q21.

UTILIZATION RATE

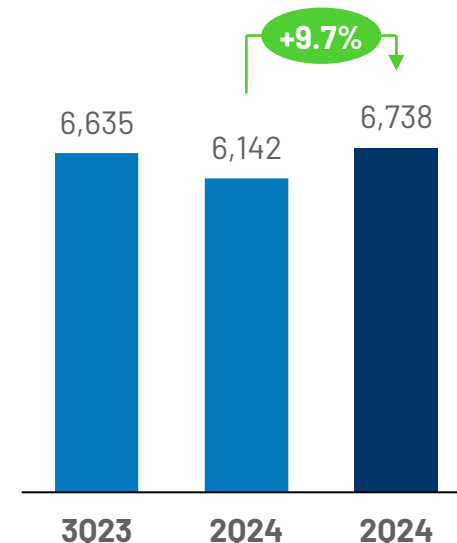
Rolled steel **70%**

Crude steel **83%**

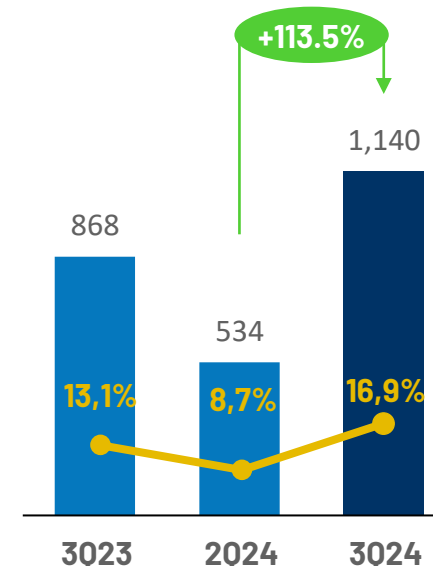
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)



**Real Estate Inventory in
São Paulo City – 7.0¹ months**



**Real Estate Launches
+24.5%²**



**Manufacturing Industry
+3.1%³**



**Infrastructure Investments
(Public + Private) +11.2%⁴**



QUARTERLY OVERVIEW

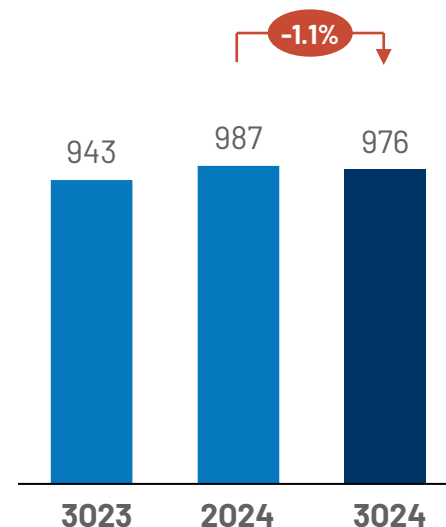
- Demand from non-residential construction remains resilient;
- Shipment volume was affected by steel imports, client inventory levels, and increased volatility caused by the U.S. presidential election;
- Scheduled maintenance shutdowns reduced working capital due to a decline in production levels in the quarter and higher inventory consumption;
- The average price in U.S. dollars fell due to lower demand, a higher share of rebars in the product mix, and pressure from imports;
- Dales Recycling was acquired to expand the procurement of ferrous scrap at a competitive cost through in-house channels.

UTILIZATION RATE

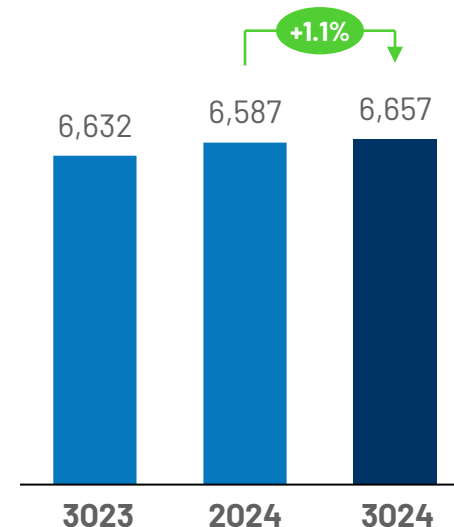
Rolled steel **76%**

Crude steel **72%**

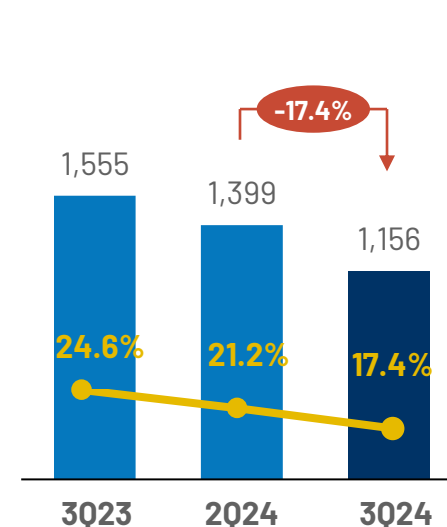
Shipments (1,000 tonnes)



Net Sales (R\$ million)



EBITDA (R\$ million)



EBITDA Margin

24.6% 21.2% 17.4%



Employment in the industry (U.S.):¹ +1.5% Δ y/y



PMI:² 47.2



ABI:³ 45.7



DMI:⁴ +5.0% Δ q/q



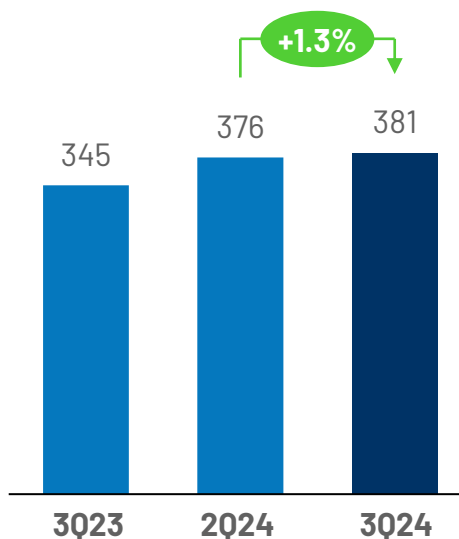
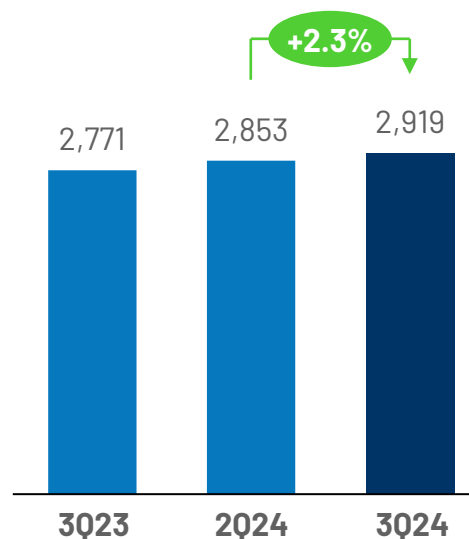
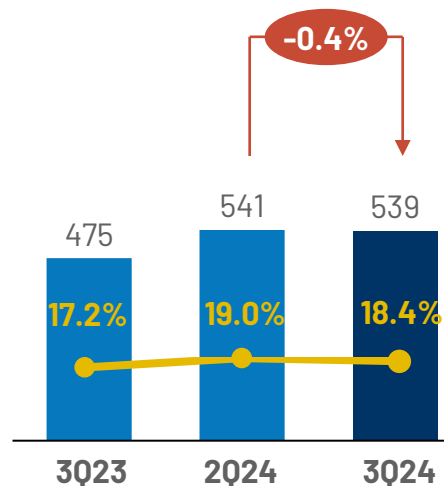
QUARTERLY OVERVIEW

BRAZIL

- Higher shipment volume, boosted by growth in truck and light vehicle production, recording the best quarter in five years;
- Lower cost of goods sold, reflecting initiatives to improve performance.

UNITED STATES

- Shipment volume impacted by lower demand from the auto industry, due to lower purchasing power and higher interest rates;
- Higher cost of goods sold due to maintenance shutdowns and lower dilution of fixed costs.

Shipments
(1,000 tonnes)Net Sales
(R\$ million)EBITDA
(R\$ million)EBITDA
Margin

Light Vehicle Production
in 3Q24: +17.5% $\Delta y/y^1$

Heavy Vehicle Production
in 3Q24: +47.2% $\Delta y/y^1$



Light Vehicle Production
in 3Q24: -5.1% $\Delta y/y^2$

Class 8 Vehicle Production
in 3Q24: +2.5% $\Delta y/y^2$



QUARTERLY OVERVIEW

ARGENTINA

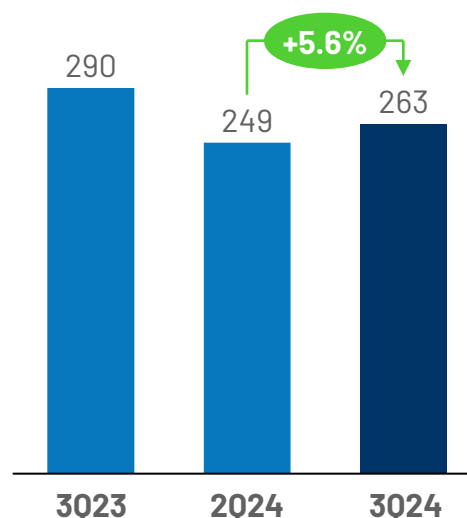
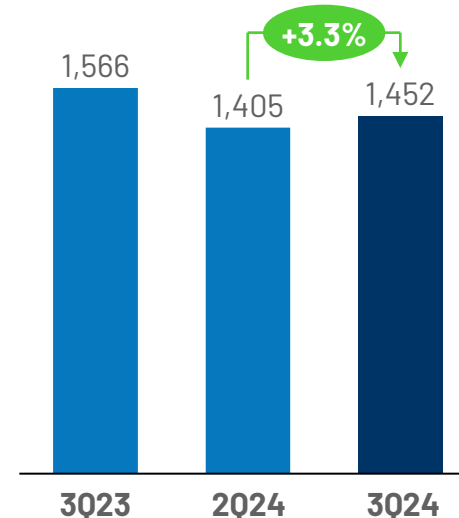
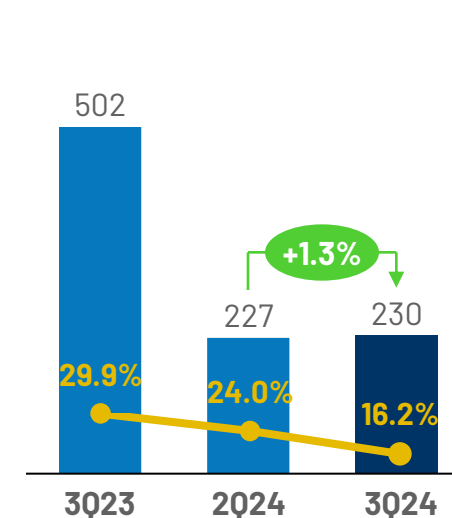
- Economic measures with a slower effect on the recovery of the industrial and civil construction sectors.

PERU

- Result driven by progress in the execution of public construction projects in the country.

URUGUAY

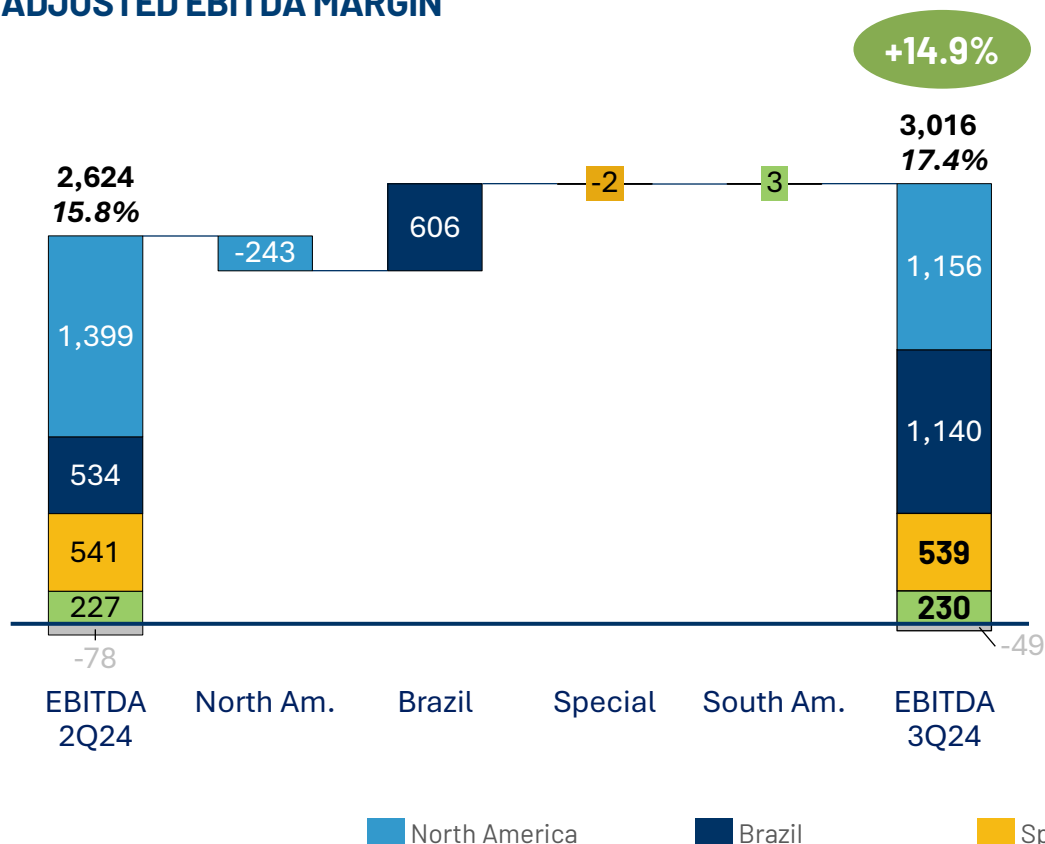
- Stable demand due to public and private construction projects. Prices pressured by higher steel imports.

Shipments
(1,000 tonnes)Net Sales
(R\$ million)EBITDA
(R\$ million)EBITDA
MarginApparent Consumption
of Long Steel:**251 kt**(+49.4% Δ q/q)¹Business Confidence
Index:**51.6**(+4.0-point Δ q/q)²Apparent Consumption
of Long Steel:**31 kt**(+6.9% Δ q/q)¹

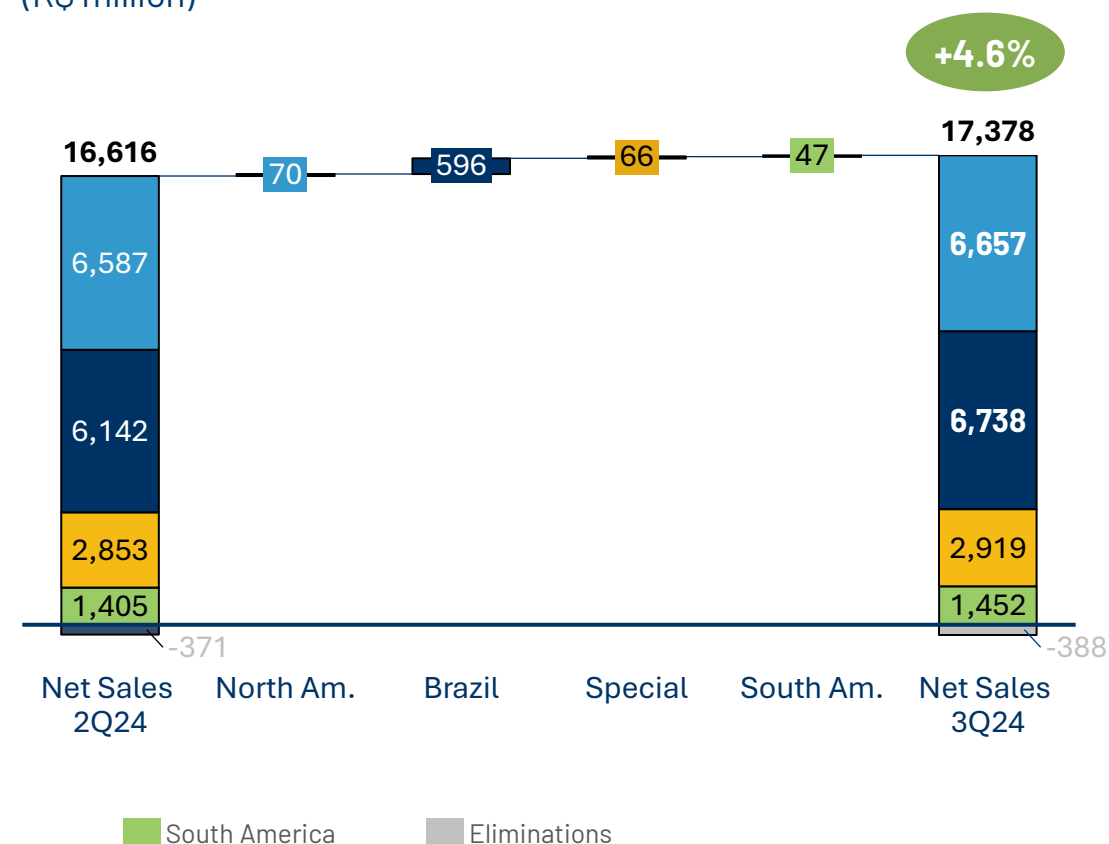
3Q24 HIGHLIGHTS

FOCUS ON COMPETITIVENESS THROUGH OPTIMIZATION OF ASSETS IN BRAZIL

ADJUSTED EBITDA (R\$ million)
and **ADJUSTED EBITDA MARGIN**²



NET SALES¹
(R\$ million)



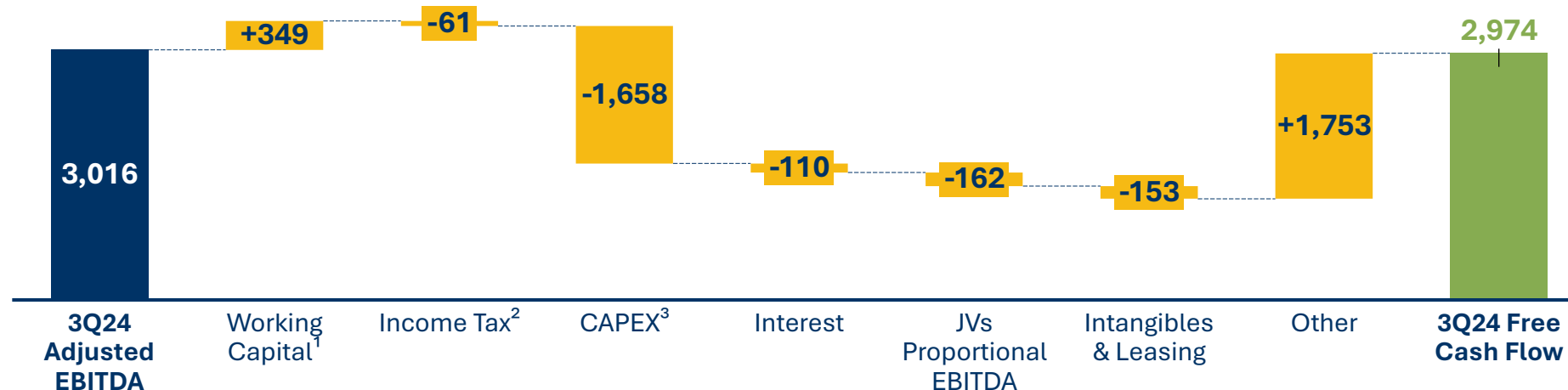
¹ Includes iron ore sales.

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

CASH FLOW & NET CASH VARIATION

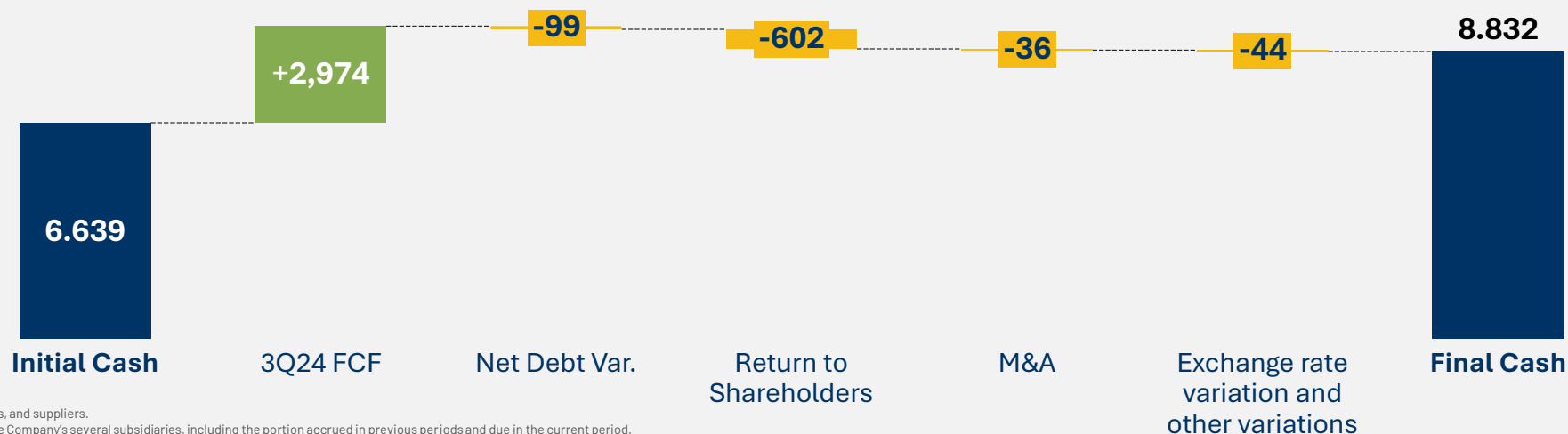
CASH FLOW

(R\$ billion)



NET CASH VARIATION

(R\$ billion)



¹ Considers FX variation on inventories, clients, and suppliers.

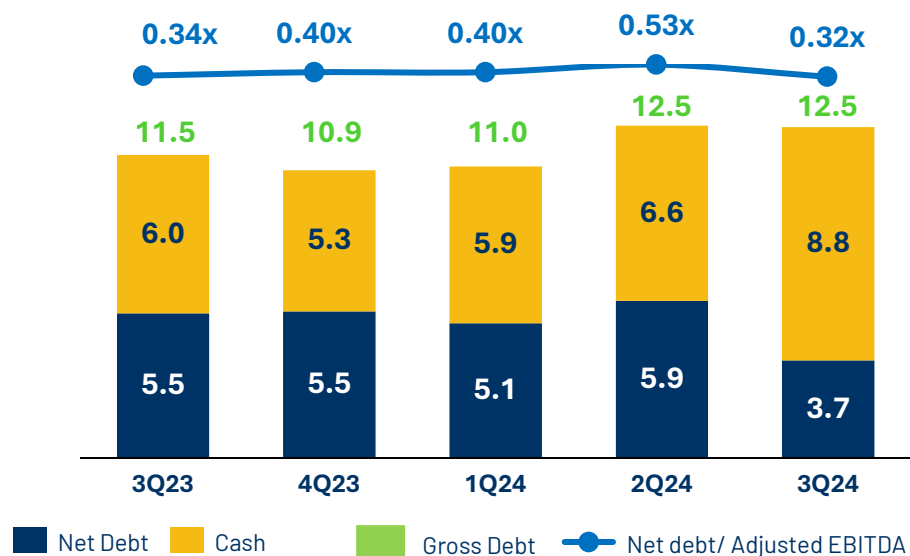
² Includes the cash effect of income tax on the Company's several subsidiaries, including the portion accrued in previous periods and due in the current period.

³ Includes the addition of R\$1,807 million in CAPEX investments in 3Q24, adjusted for the non-cash effect of accounts payable to property, plant, and equipment suppliers in the amount of R\$149 million, related to acquisitions to be paid in future periods.

LIQUIDITY & INDEBTEDNESS

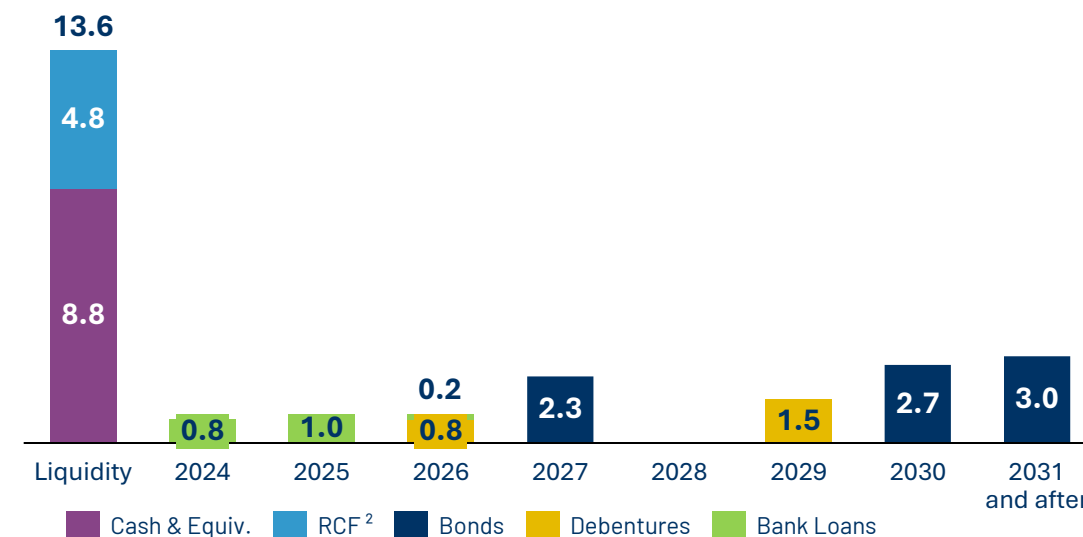
CASH, DEBT, AND LEVERAGE

(R\$ billion)



LIQUIDITY POSITION AND DEBT AMORTIZATION¹

(R\$ billion)



¹With no deferred expenses ²Global Revolving Credit Facility

FINANCIAL POLICY

GROSS DEBT 
< R\$12 BILLION

AVERAGE TERM 
> 6 YEARS

AVERAGE TERM
7.2 YEARS

NET DEBT/EBITDA 
≤ 1.5X

AVERAGE COST
 BRL: 106.7% OF CDI P.A.
 USD: 5.5% P.A.

RATING

FitchRatings

BBB STABLE

STANDARD
& POOR'S

BBB STABLE

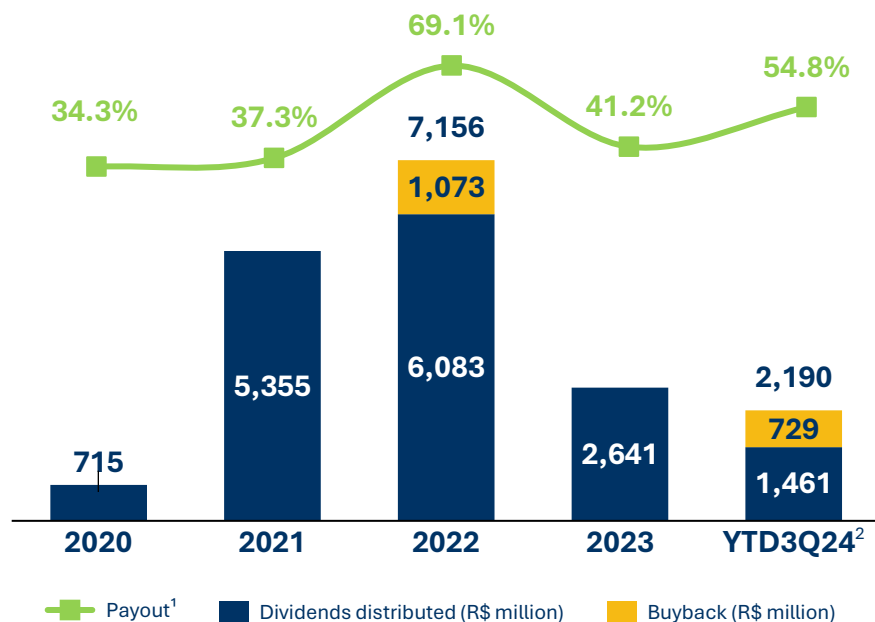
MOODY'S

Baa2 STABLE

SHAREHOLDER RETURNS

PAYOUT ABOVE THE MINIMUM MANDATORY DIVIDEND PAYMENT

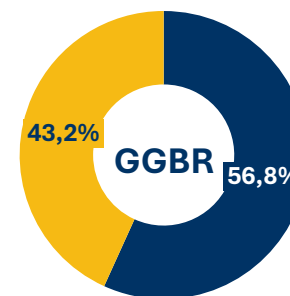
DIVIDENDS



SHARE BUYBACK PROGRAM

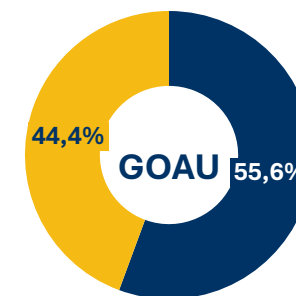
GGBR

- Program total: up to 69.8 million shares.
- Invested by Oct/2024: R\$729.4 M
- GGBR4/GGBR3/GGB (2% of Market Cap)



GOAU

- Program total: up to 33 million shares.
- Invested by Oct/2024: R\$193.5 M
- GOAU4 (2% of Market Cap)



3Q24 DIVIDEND DISTRIBUTION

GERDAU S.A.

AMOUNT **R\$619.4 M**

PERSHARE **R\$0.30**

METALÚRGICA GERDAU S.A.

AMOUNT **R\$131.9 M**

PERSHARE **R\$0.13**

1. Shareholder payments / Parent Company's net income after booking the reserves set forth in the Bylaws. 2. Considers the buyback program until Oct/2024.

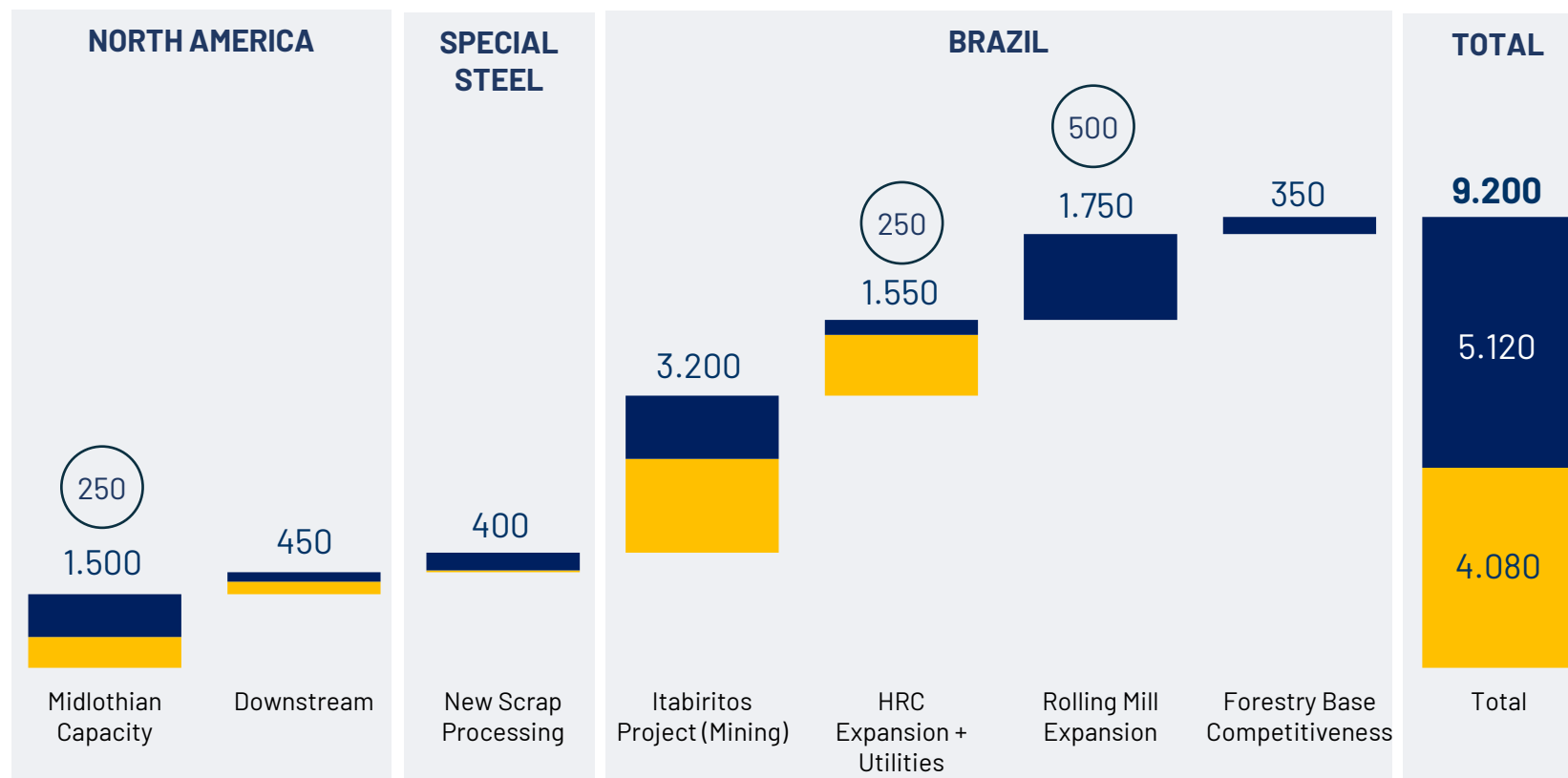
STRATEGIC CAPEX – 3Q24

INVESTMENTS IN BUSINESS GROWTH AND COMPETITIVENESS

3Q24
STRATEGIC
CAPEX:

~R\$705 million

(R\$ million, cumulative)



■ To invest in

■ Already invested

○ Capacity addition¹ (In thousand tons/year)

¹ After the investment matures.



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Earnings
Release – 4Q24
February 19, 2025

Videoconference
February 20, 2025

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