



Statue of the Laçador in the  
City of Porto Alegre  
(Rio Grande do Sul, Brazil)

# EARNINGS RELEASE

## SECOND QUARTER | 2024

GERDAU S.A.

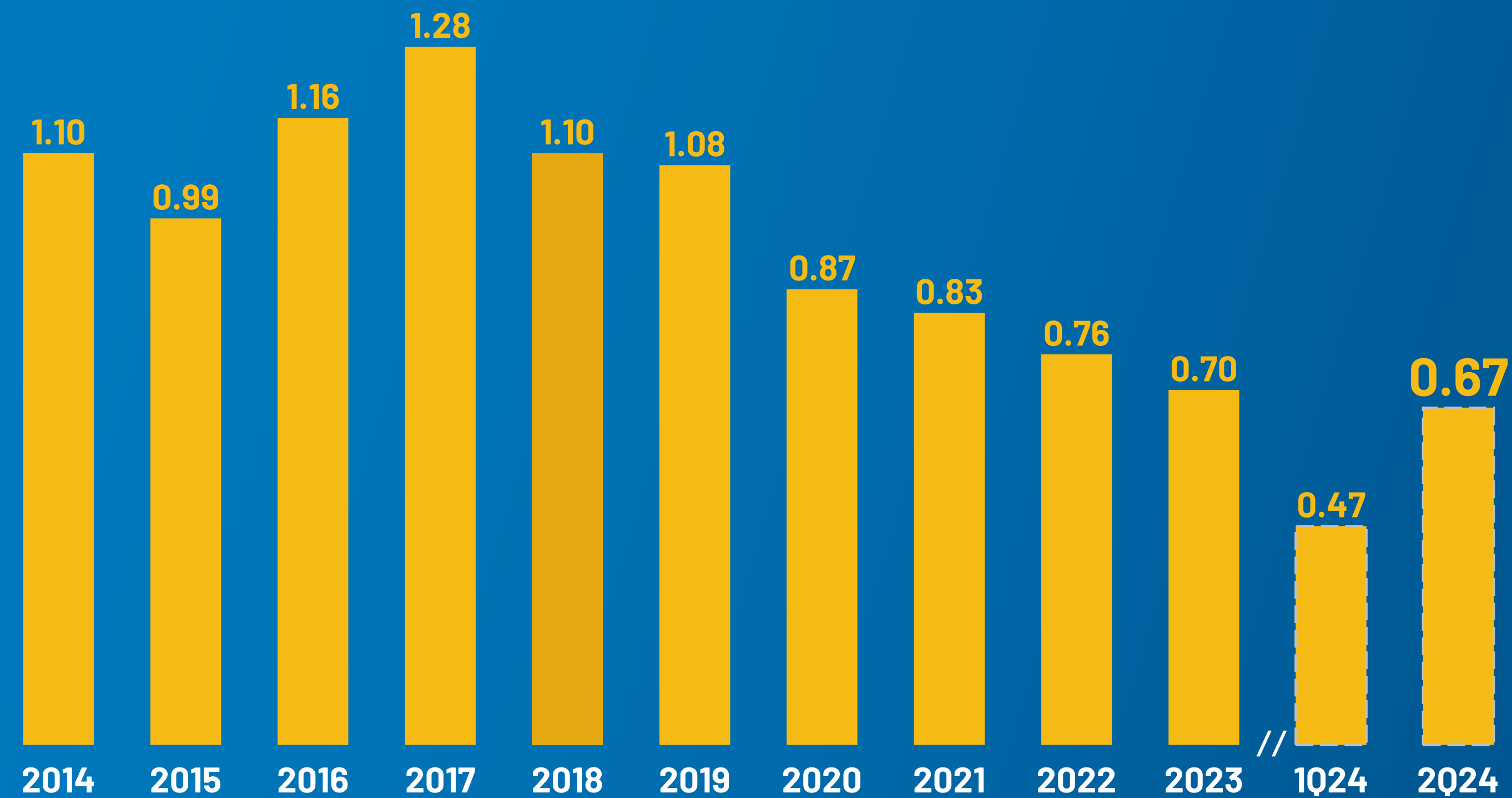




# WORKPLACE SAFETY

Continuous focus on **people's safety**:

Accident Frequency Rate of **0.67** in **2024**



Number of Accidents per Million Hours Worked by Each Gerdau Employee





# AID TO RIO GRANDE DO SUL

- Donation of basic necessity items.
- Support in structuring temporary housing with ACNUR/UN.
- Support in the operation of a mobile water treatment unit.
- Renovation of housing for employees impacted by the rains.
- Donations for the Regenera RS fund, an initiative that supports the reconstruction of the state.





# MACRO SCENARIO

## STABILIZATION OF GLOBAL ECONOMIC GROWTH AND STEEL OVERSUPPLY

**BRAZIL:** The International Monetary Fund reduced its projection of Brazil's economic growth for 2024 to 2.1% (versus 2.2% in April), reflecting the short-term impact of the floods in the state of Rio Grande do Sul. However, it increased its projection of growth for 2025 to 2.4% (+0.3 p.p. from previous projection), reflecting reconstruction efforts after the floods, as well as other positive factors.

**NORTH AMERICA:** The IMF downgraded its projection of economic growth in North America from 2.7% to 2.6%, reflecting the fact that the year began at a slower-than-expected pace. For 2025, the IMF expects that a weaker job market, a decline in consumption, and a stricter fiscal policy will result in 1.9% GDP growth. The Fund also downgraded Mexico's economic growth projection, reflecting lower-than-expected demand.

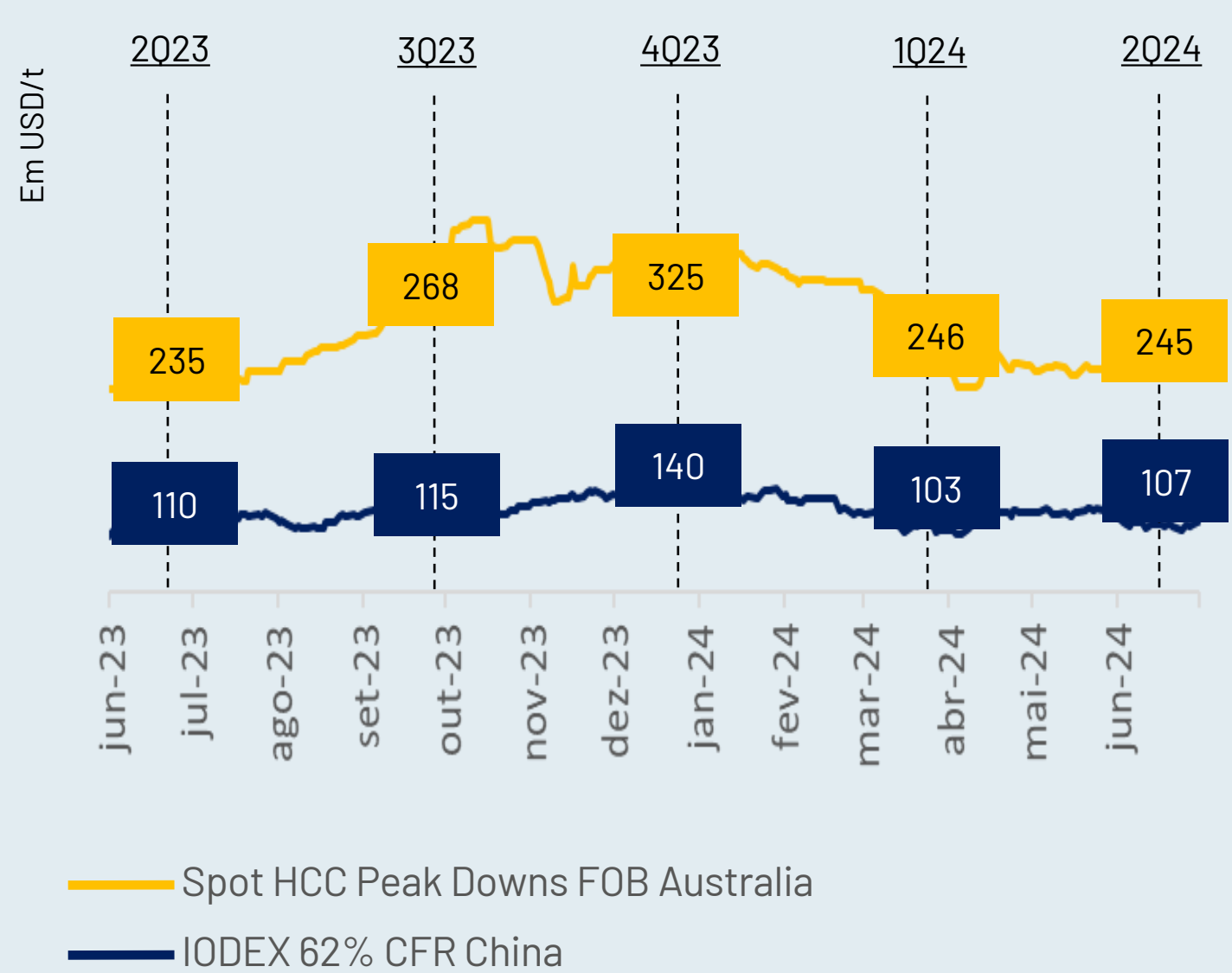
**SOUTH AMERICA:** The Argentine economy should decline by 3.5% in 2024, according to the latest IMF's report. The estimate is 0.7 p.p. lower than the previous one (April 2024), reflecting a decrease in government spending and more difficult monetary conditions.

Source: S&P Global Commodity Insights

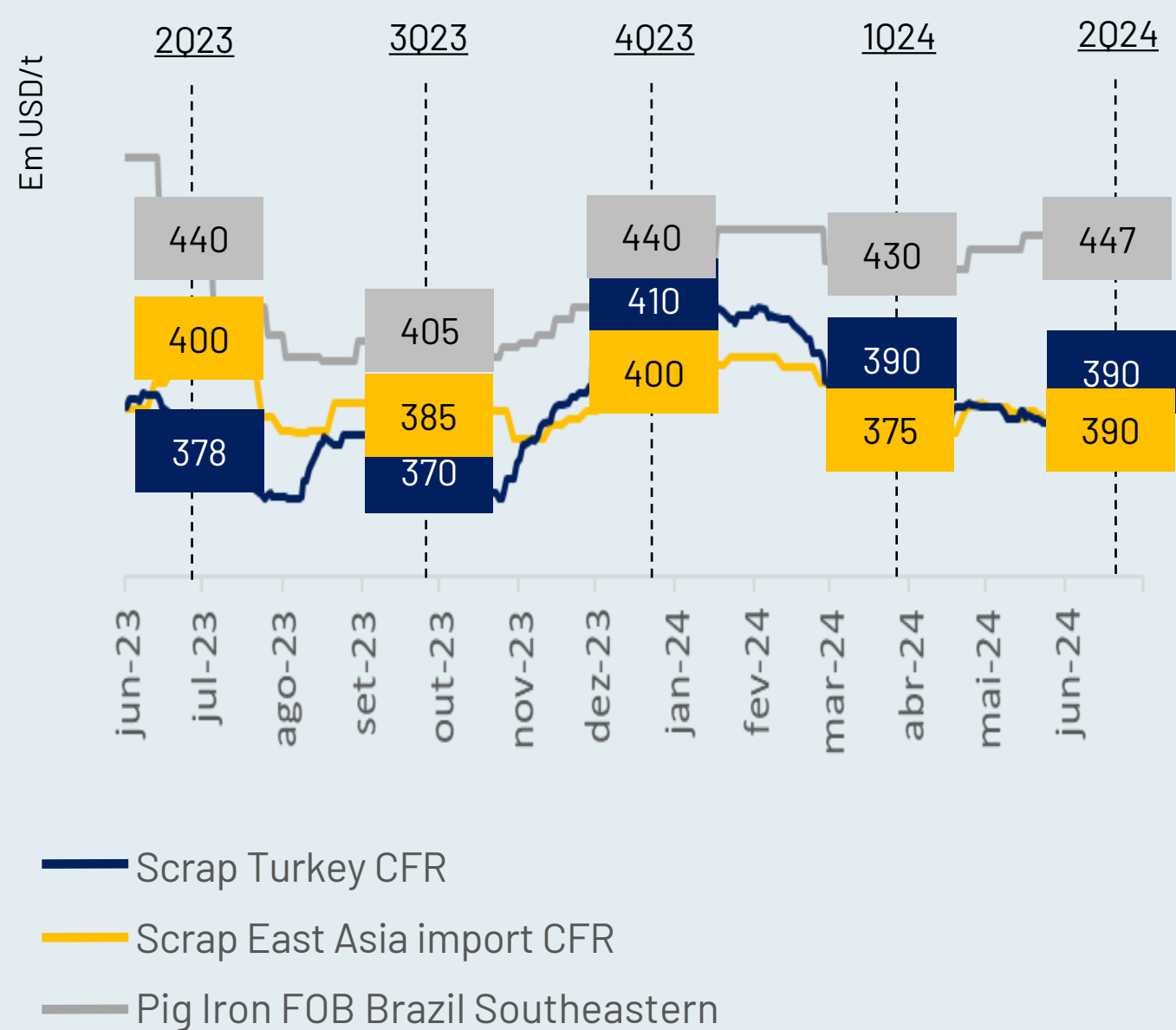
TURKISH REBAR & HRC



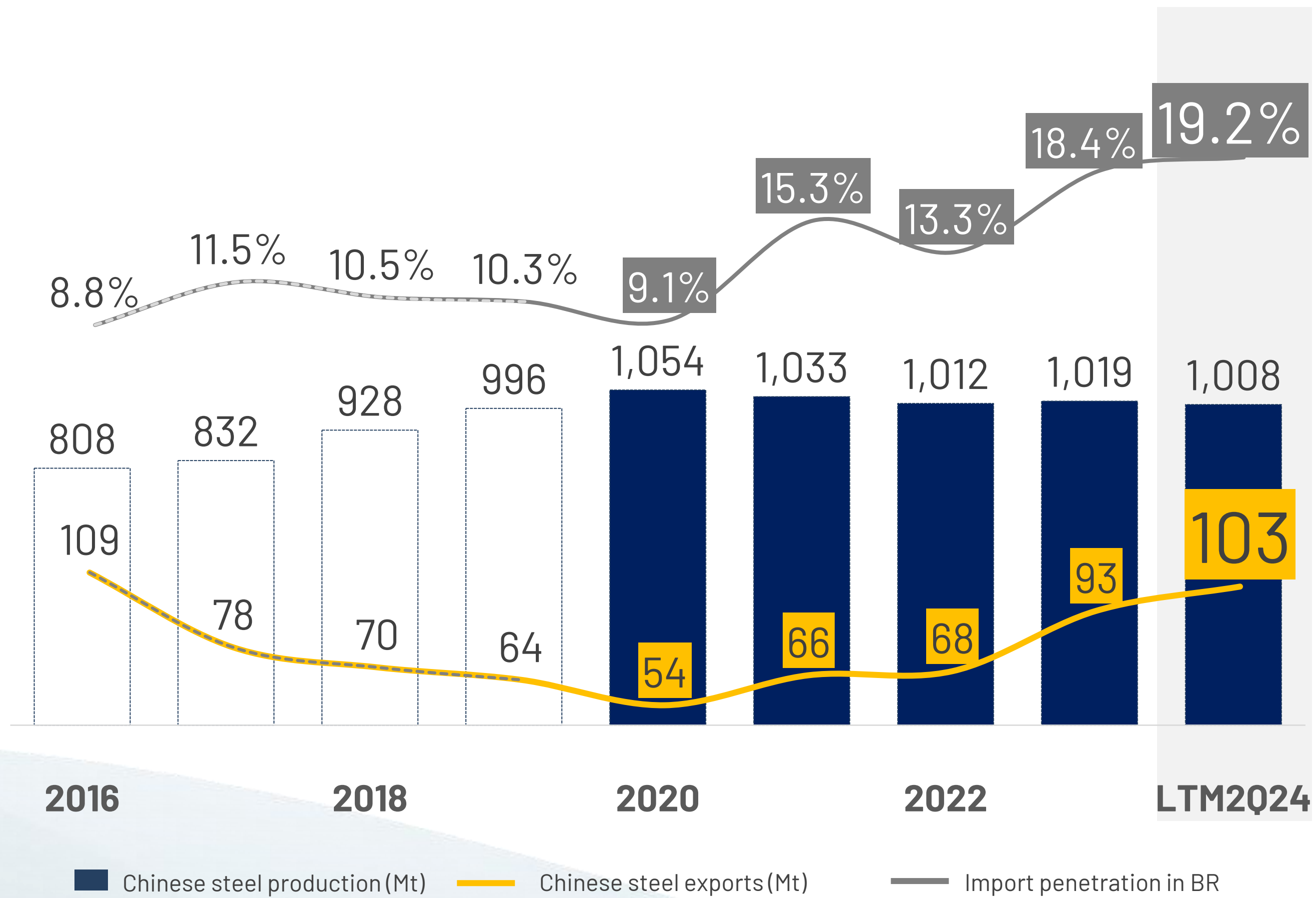
COAL AND IRON ORE



SCRAP AND PIG IRON



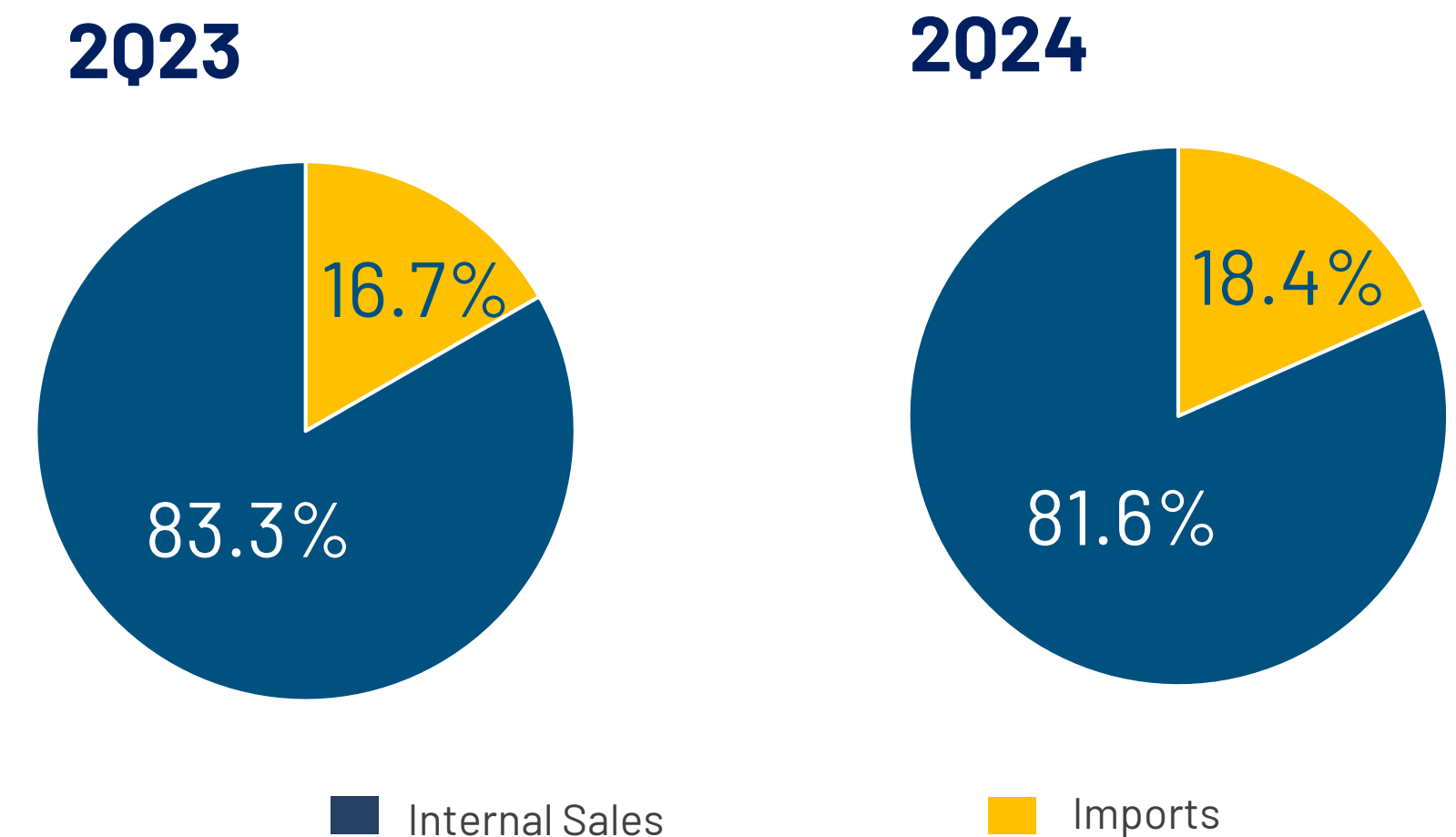
# STEEL IMPORTS IN BRAZIL



## IN THE LAST TWELVE MONTHS:

- **Penetration rate:** 19.2%.
- **Average monthly imports:** 396 kt  
(~66% higher than the historical average).
- **Volume of imported material:** ~4.8 Mt  
(~60% higher than the historical average).

## QUARTERLY APPARENT CONSUMPTION BREAKDOWN:



# 2024 HIGHLIGHTS

STEEL SHIPMENTS

**2.7 Mt**

Stable vs. 1Q24, amidst a backdrop of steel oversupply.

ADJUSTED EBITDA

**R\$2.6 b**

A result of **geographic diversification** and a balanced **product portfolio**.

CAPEX

**R\$1.4 b**

~38% of total Capex planned for the year invested in 6M24.

DIVIDENDS

**R\$252 M**

R\$0.12 per share, to be paid on **August 20, 2024**.

**SHARE BUYBACK  
PROGRAM**

Share buyback program up to 69.8 M GGBR shares and 33 M GOAU shares,  
with a maximum duration of 12 months.

**NORTH AMERICA**

1st Company of the steel industry to be certified as a **B company** in North America.



# NORTH AMERICA BD

UTILIZATION RATE

Rolled steel

81%

Crude Steel

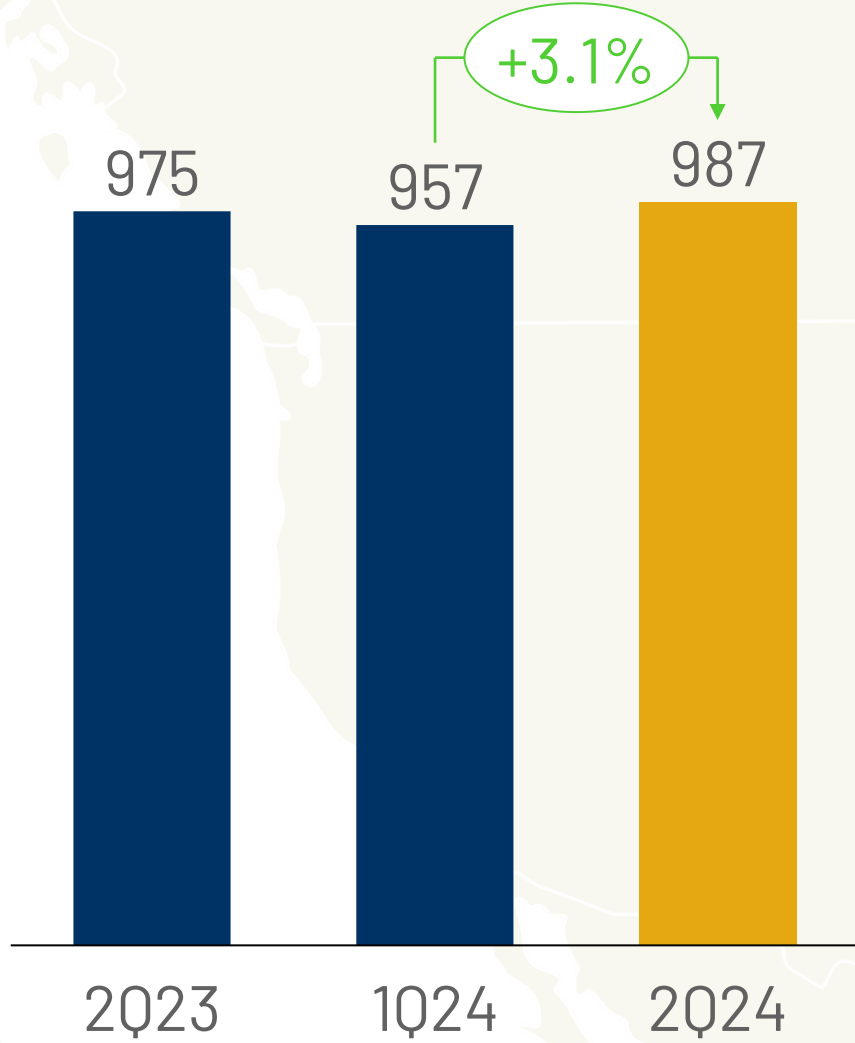
77%

51.8% OF 2024 CONSOLIDATED EBITDA

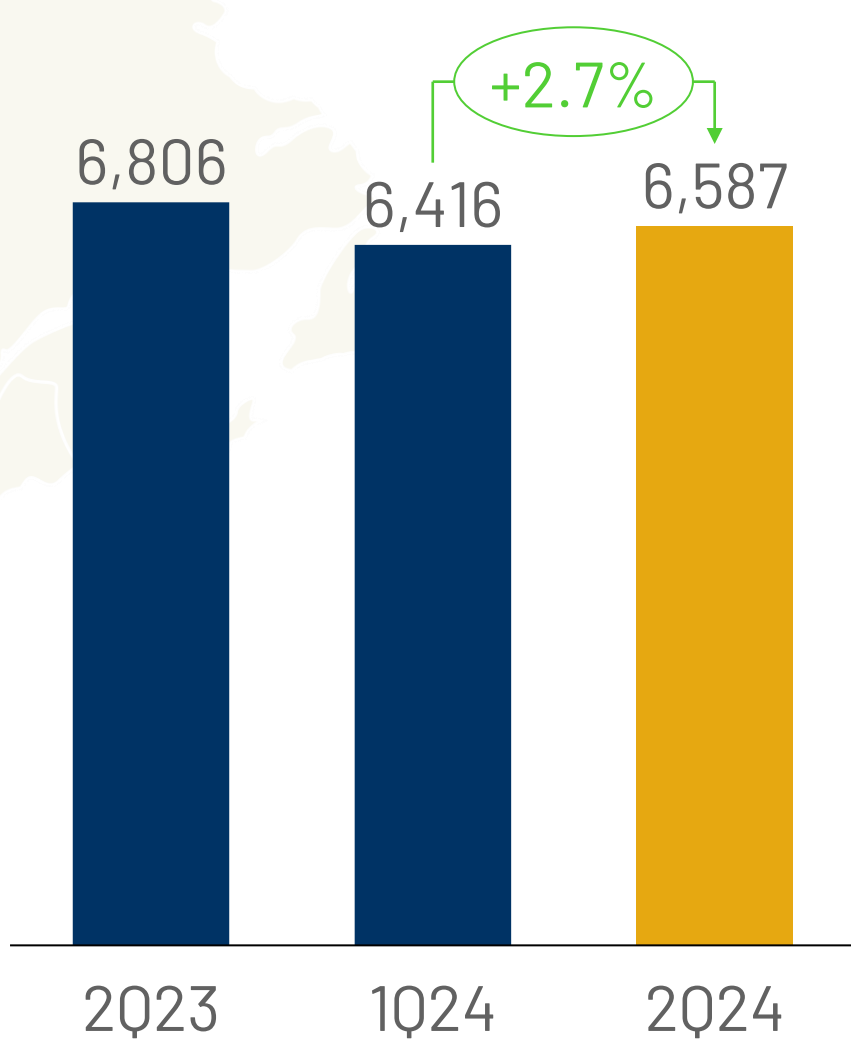


- Construction activities continue to be boosted by industrial plant, health care center, and AI data center projects.
- The order backlog has remained stable since the beginning of the year, reflecting the normalization of the activity level of the sectors we serve.
- The infrastructure sector has started to feel a positive impact from the government programs.
- Commercial strategy and cost control efforts sustain margins above the historical average, despite pressure on prices.

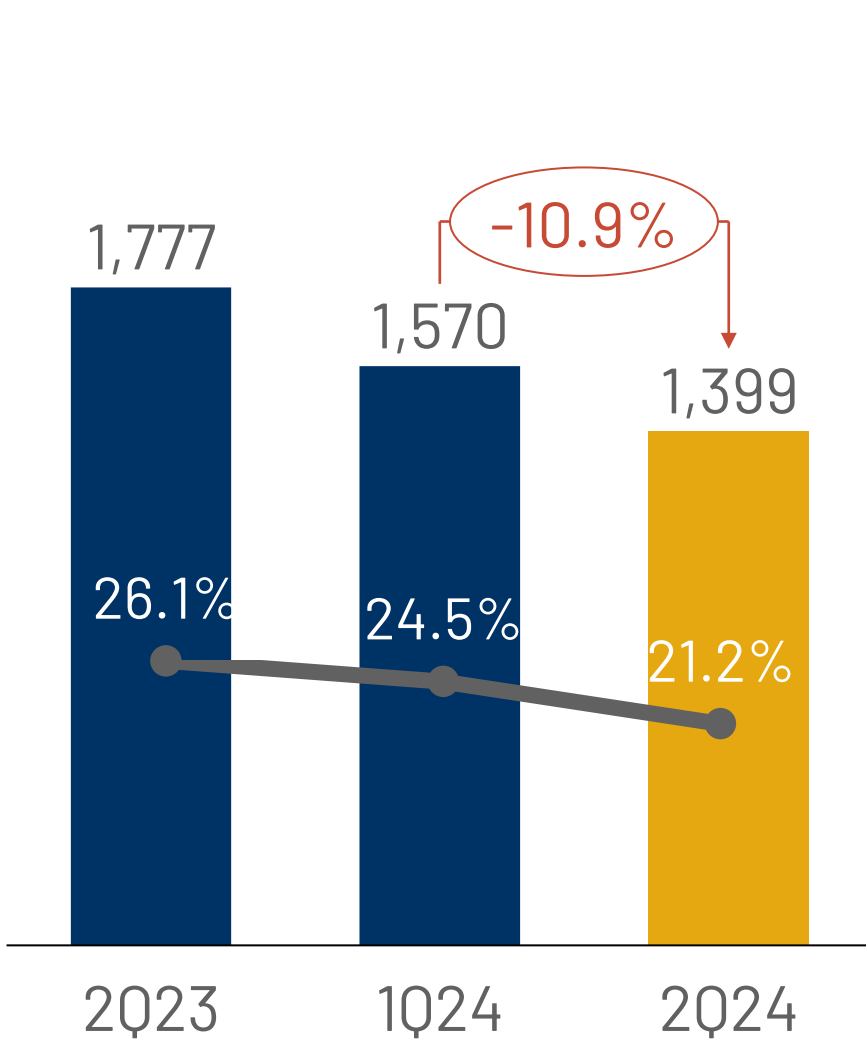
Shipments  
(1,000 tonnes)



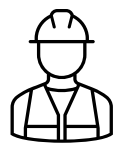
Net Sales  
(R\$ million)



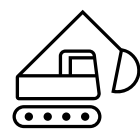
EBITDA  
(R\$ million)  
EBITDA Margin



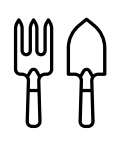
## Indicators



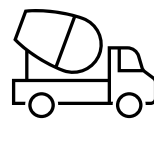
Employment in the industry  
(U.S.)<sup>1</sup>  
+1.7% Δ y/y



PMI<sup>2</sup>  
48.5



ABI<sup>3</sup>  
46.4



DMI<sup>4</sup>  
+21.1% Δ q/q

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

# SPECIAL STEEL BD

UTILIZATION RATE

Rolled steel

57%

Crude Steel

73%

20.0%

OF 2024 CONSOLIDATED EBITDA

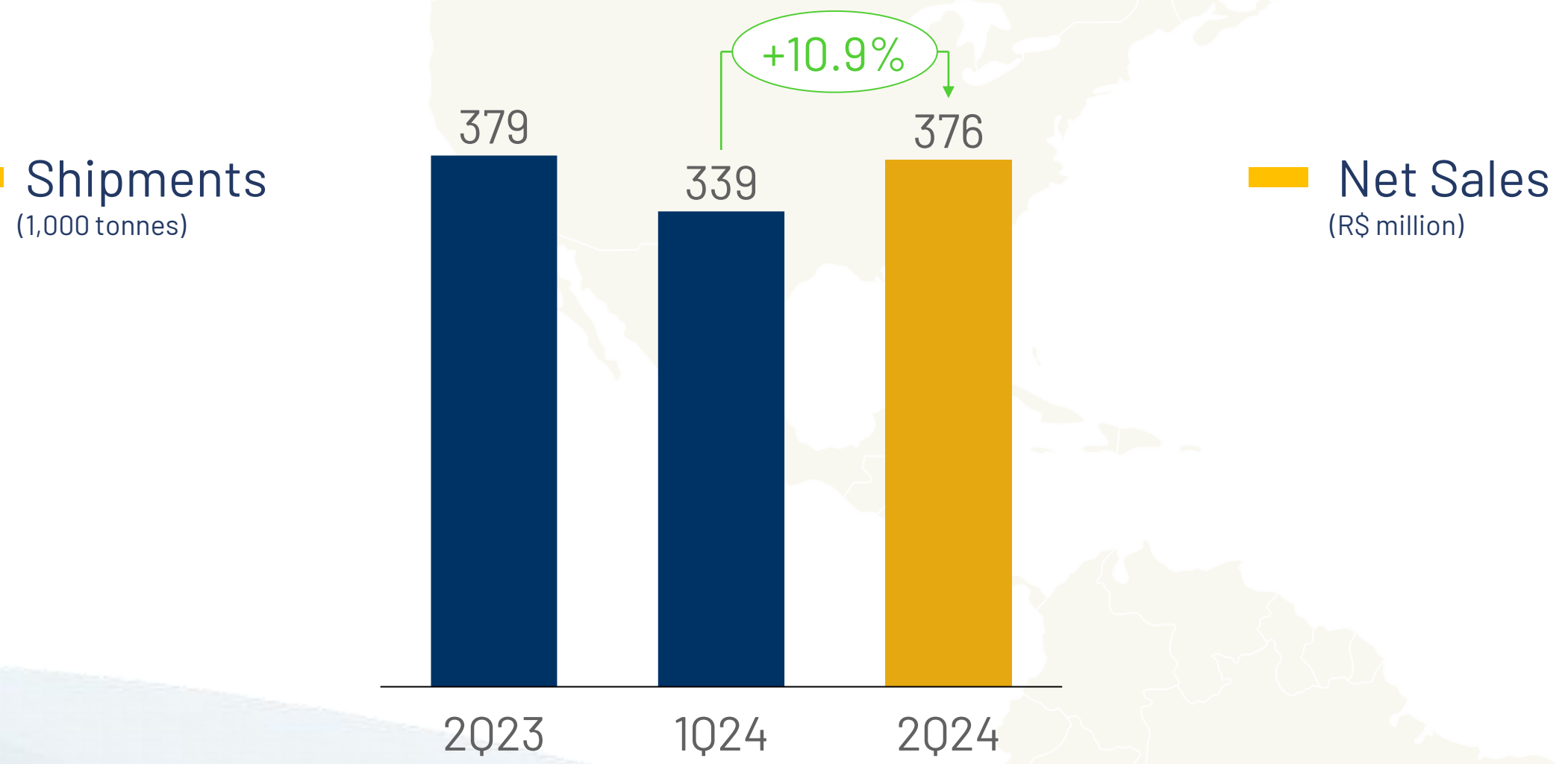
GO

GERDAU

Shape the future

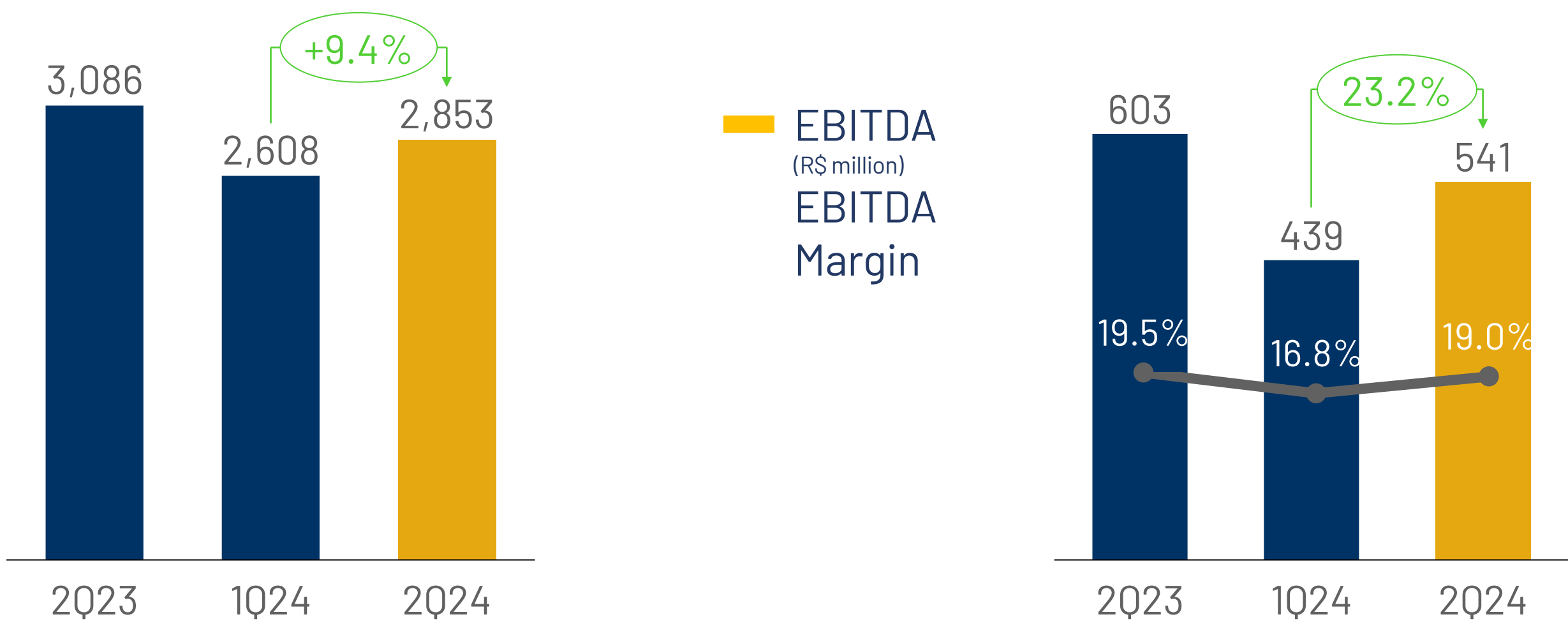
## BRAZIL

- Light vehicles:** Production slowed down in the quarter, reflecting lower exports and higher imports in the country (+449% vehicles from China in 1H24). ANFAVEA estimates growth of 4.8% in 2024.
- Heavy vehicles:** Production recovery continues at a healthy pace, influenced by the “Caminho da Escola” government program and inventory replenishment in the truck line. ANFAVEA estimates growth of 32.1% in 2024.



## NORTH AMERICA

- Light vehicles:** The sector continues to recover, despite challenging interest rates and high prices.
- Class 8 vehicles:** Despite a better outlook for the freight market for the coming quarters, production continues to be impacted by a high comparison base last year.
- Oil & gas:** Rig count closed 2Q24 down ~10% from 1Q24, reflecting the impact of inflation on production costs.
- Mexico:** We continue to carry out feasibility studies for a greenfield Special Steel project in the country. 🇲🇽



## Indicators

Light Vehicle Production in 2024

-2.0%  $\Delta$  y/y<sup>1</sup>

Heavy Vehicle Production in 2024

+53.3%  $\Delta$  y/y<sup>1</sup>

Light Vehicle Production in 2024

Stable  $\Delta$  y/y<sup>2</sup>

Class 8 Vehicle Production in 2024

-16.5%  $\Delta$  y/y<sup>2</sup>

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



# SOUTH AMERICA BD

UTILIZATION RATE

Rolled steel

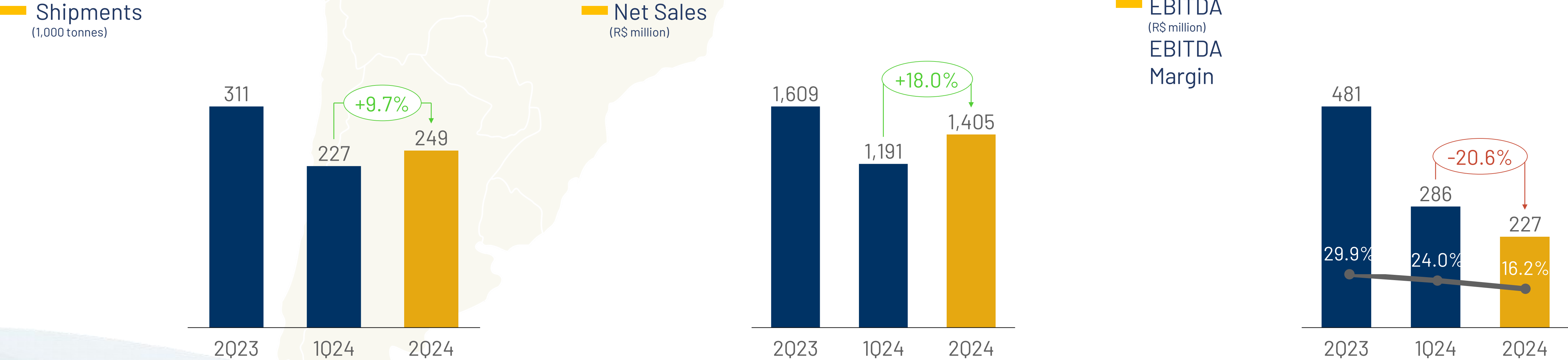
56%

Crude Steel

63%

8.4% OF 2024 CONSOLIDATED EBITDA

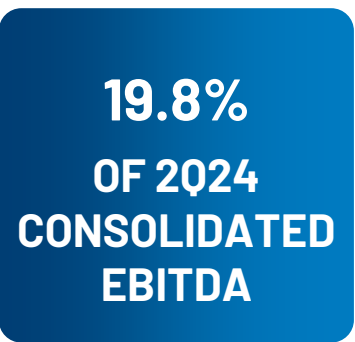
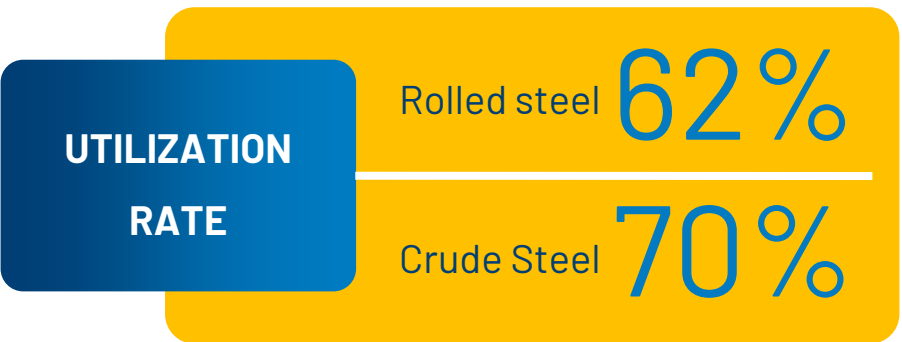
- Argentina:** Economic measures should gradually impact the recovery in the industrial and civil construction sectors.
- Peru:** The result was boosted by the civil construction sector and the recovery in the industrial and mining sectors.
- Uruguay:** Demand was stable due to public and private construction projects. Prices were pressured by higher steel imports.





# BRAZIL BD

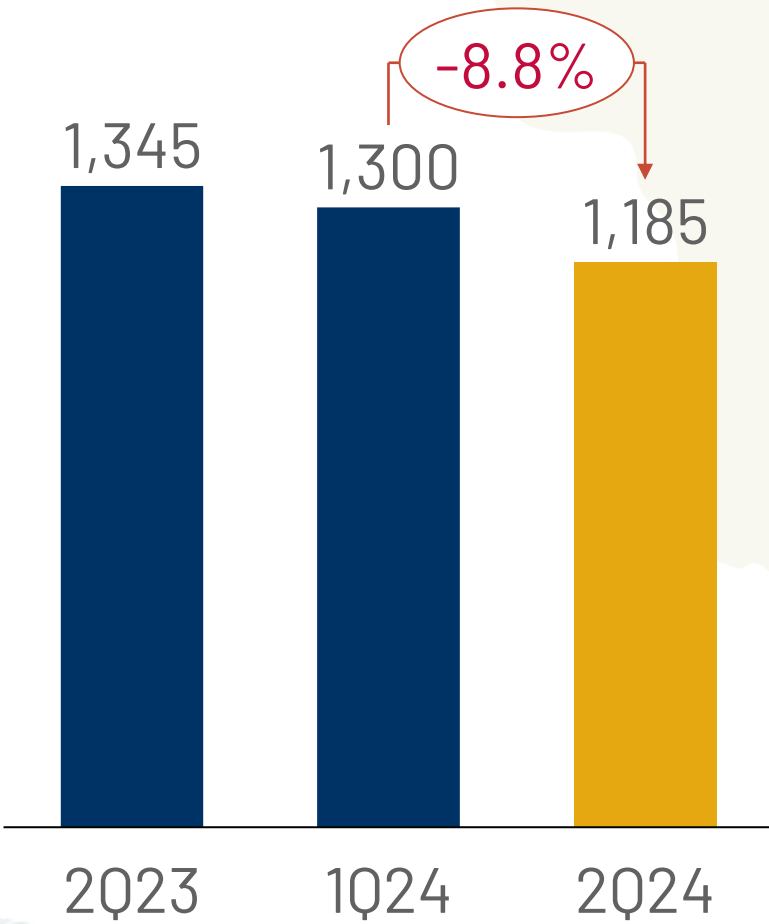
- Steel import penetration reached 18.4% in 2024, up 1.6 p.p. year over year.
- The import quota system should produce results in 2H24.
- Lower export volume enabled a higher value-added product mix.
- Pressure of costs and working capital, associated with the adjustment of production capacity (idling of the Barão de Cocais, Cearense, and Sete Lagoas units).
- In civil construction, the average number of launches between January and May was 32%<sup>5</sup> higher than in 2023.



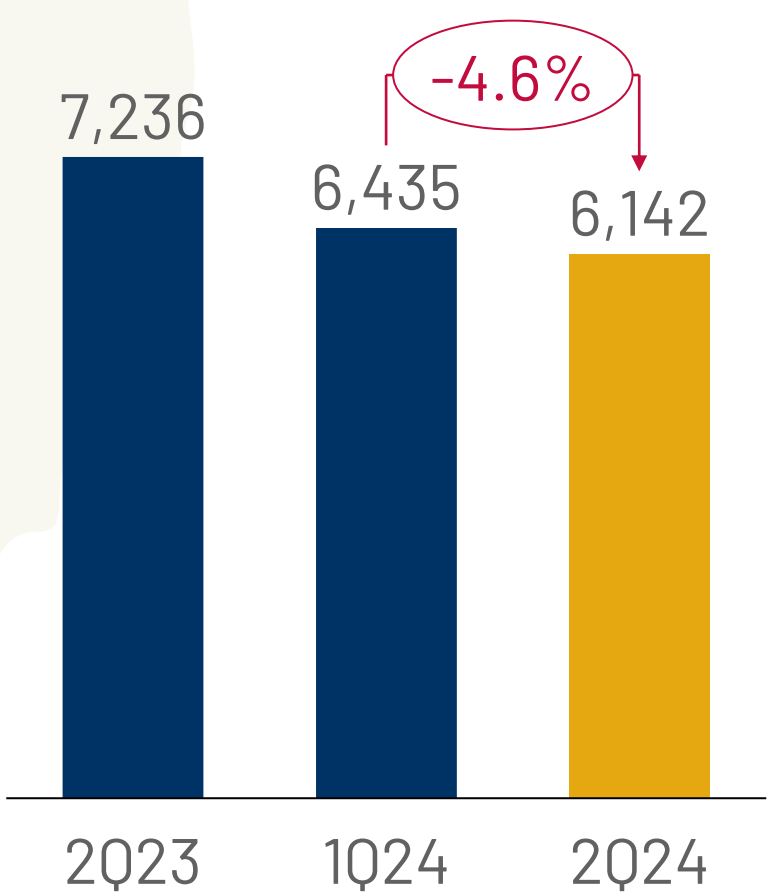
ONE-OFF COSTS ASSOCIATED WITH THE ADJUSTMENT OF PRODUCTION CAPACITY IN THE BRAZIL BD (R\$ MILLION)

	Before effects		One-off costs	After effects	
	2024	6M24		2024	6M24
EBITDA	665	1,260	(131)	534	1,129
EBITDA margin	10.8%	10.0%		8.7%	9.0%

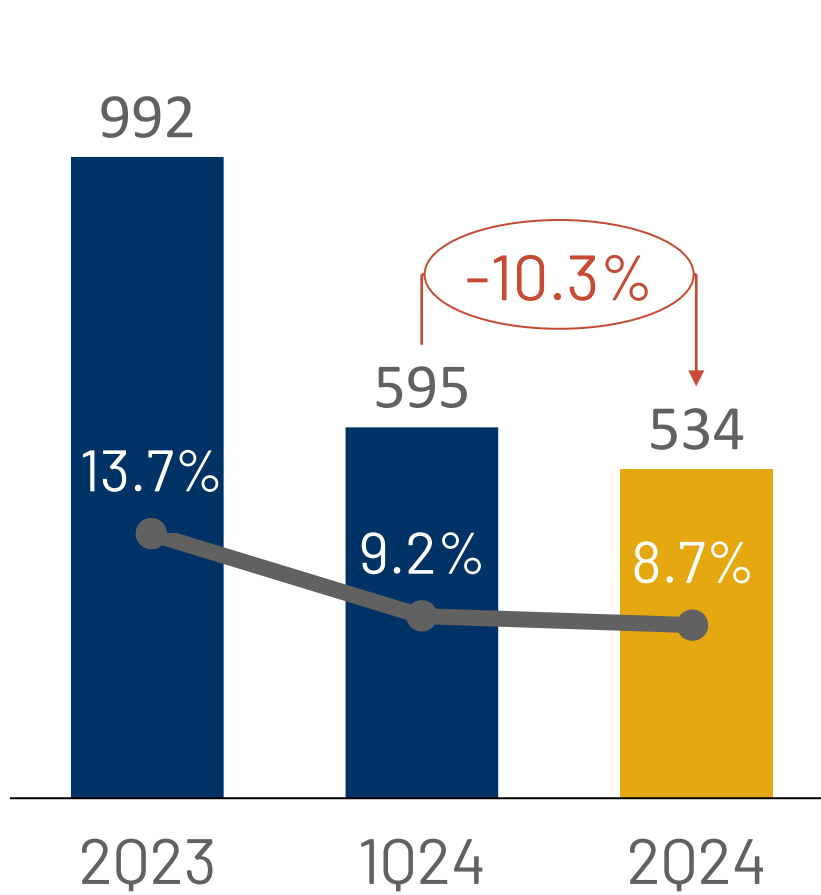
Shipments (1,000 tonnes)



Net Sales (R\$ million)



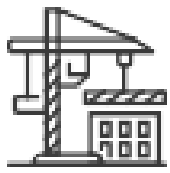
EBITDA (R\$ million)  
EBITDA Margin



## Indicators



Real estate inventory in São Paulo city 7.6<sup>1</sup> months



Real Estate Launches +8.5%<sup>2</sup>



Manufacturing Industry +2.2%<sup>3</sup>



Infrastructure Investments (Public + Private) +11.2%<sup>4</sup>

<sup>1</sup> Secovi SP in May 24 (supply in the city in the month/total sales in the last 12 months/12); <sup>2</sup> Growth forecast for the end of 2024 – Tendências – Abreinc-Fipe, June 24; <sup>3</sup> Growth forecast for the end of 2024 – PIM-IBGE - Tendências, June 24;

<sup>4</sup> Growth forecast for the end of 2024, ABDIB Tendências, in June 24. <sup>5</sup> SECOVI-SP July, 2024.

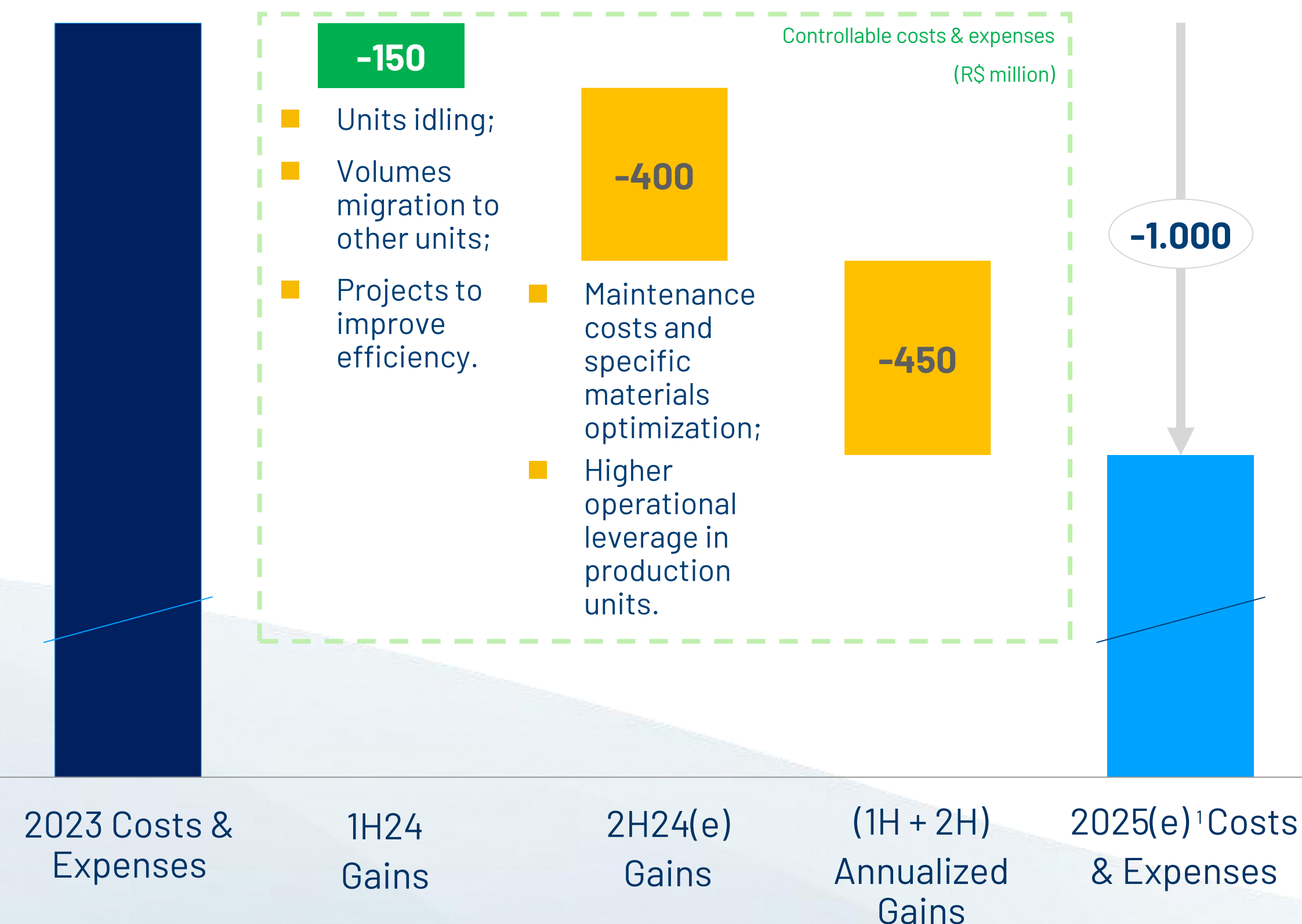


# COST REDUCTION INITIATIVES

**Estimate: Start 2025 with a ~R\$ 1.5 billion cost and expenses base lower vs FY23.**

**Brazil BD:  
~R\$ 1.0 billion/year**

**Other BDs:  
~R\$ 0.5 billion/year**



## 1H24 Initiatives

### North America BD

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

### Special Steel BD

- BR: Initiatives to control and optimize Personnel;
- US: Monroe collective agreement concluded.

## 1H24 Initiatives

### Special Steel BD

- BR: gains consolidation & annualization;
- US: Monroe rolling mill productivity improvement.

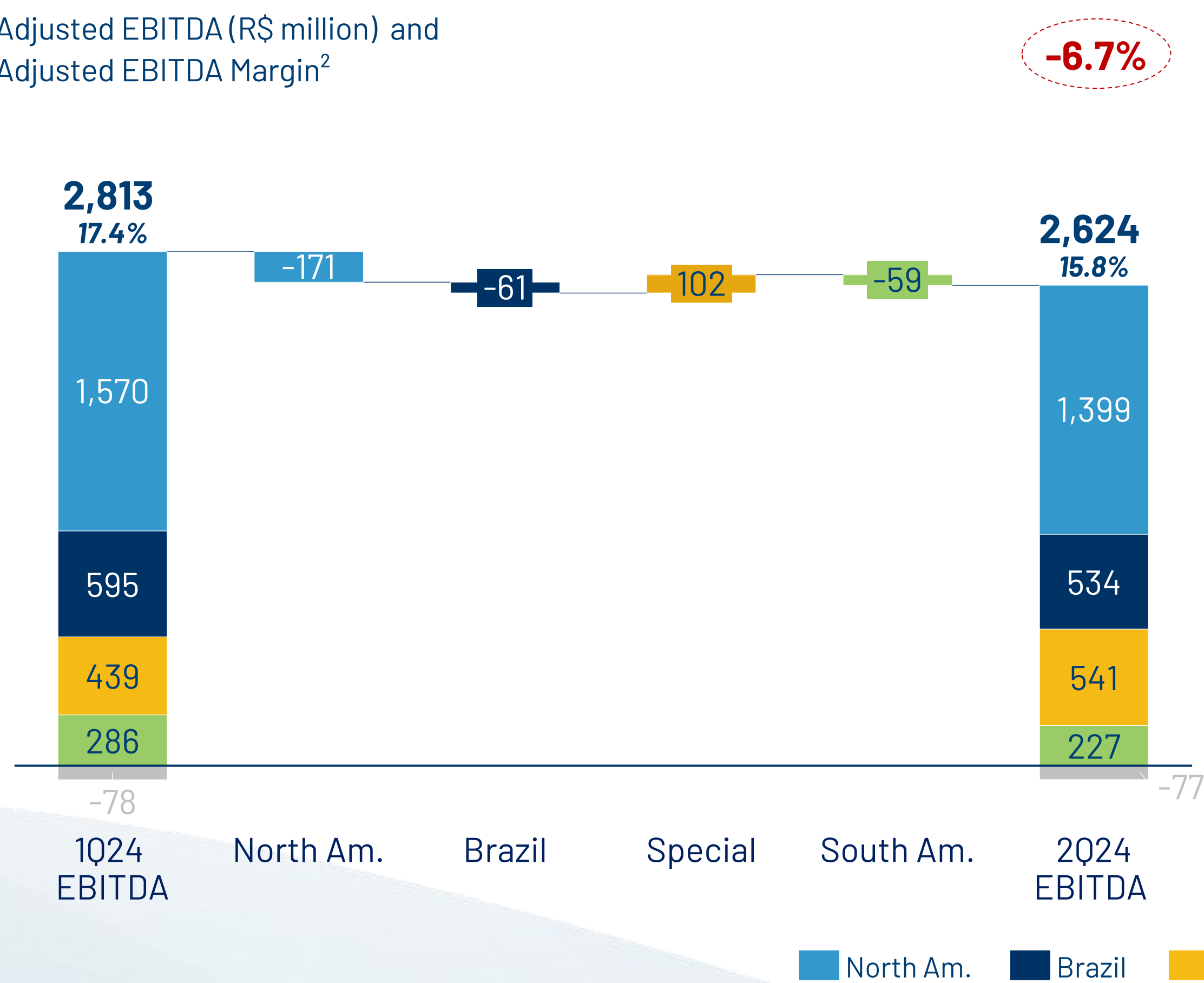
<sup>1</sup> Does not consider possible impacts of volume, inflation, exchange rate variation and fluctuations in raw material prices.



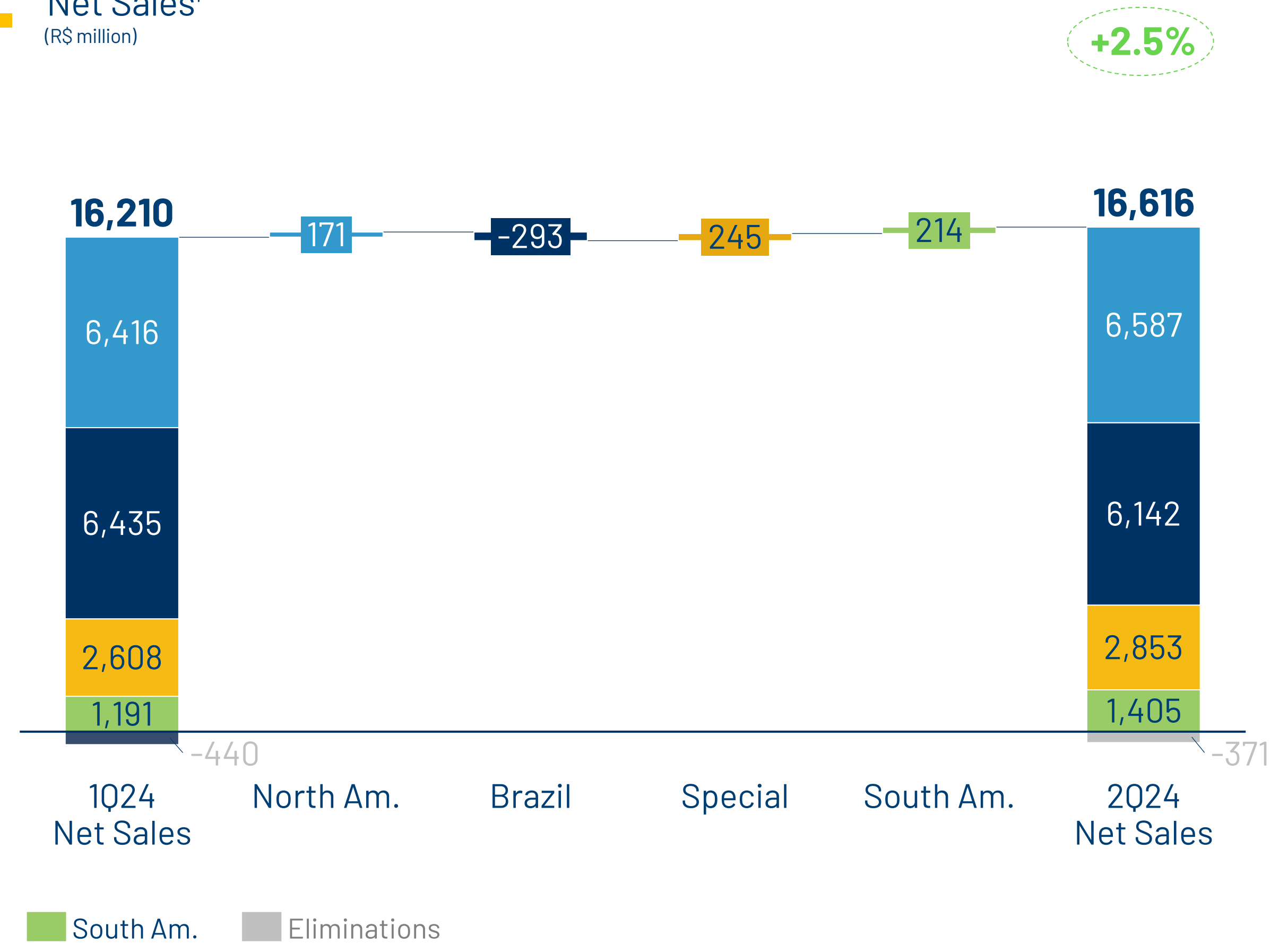
# 2024 HIGHLIGHTS

## FOCUS ON COMPETITIVENESS THROUGH THE OPTIMIZATION OF ASSETS IN BRAZIL

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



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

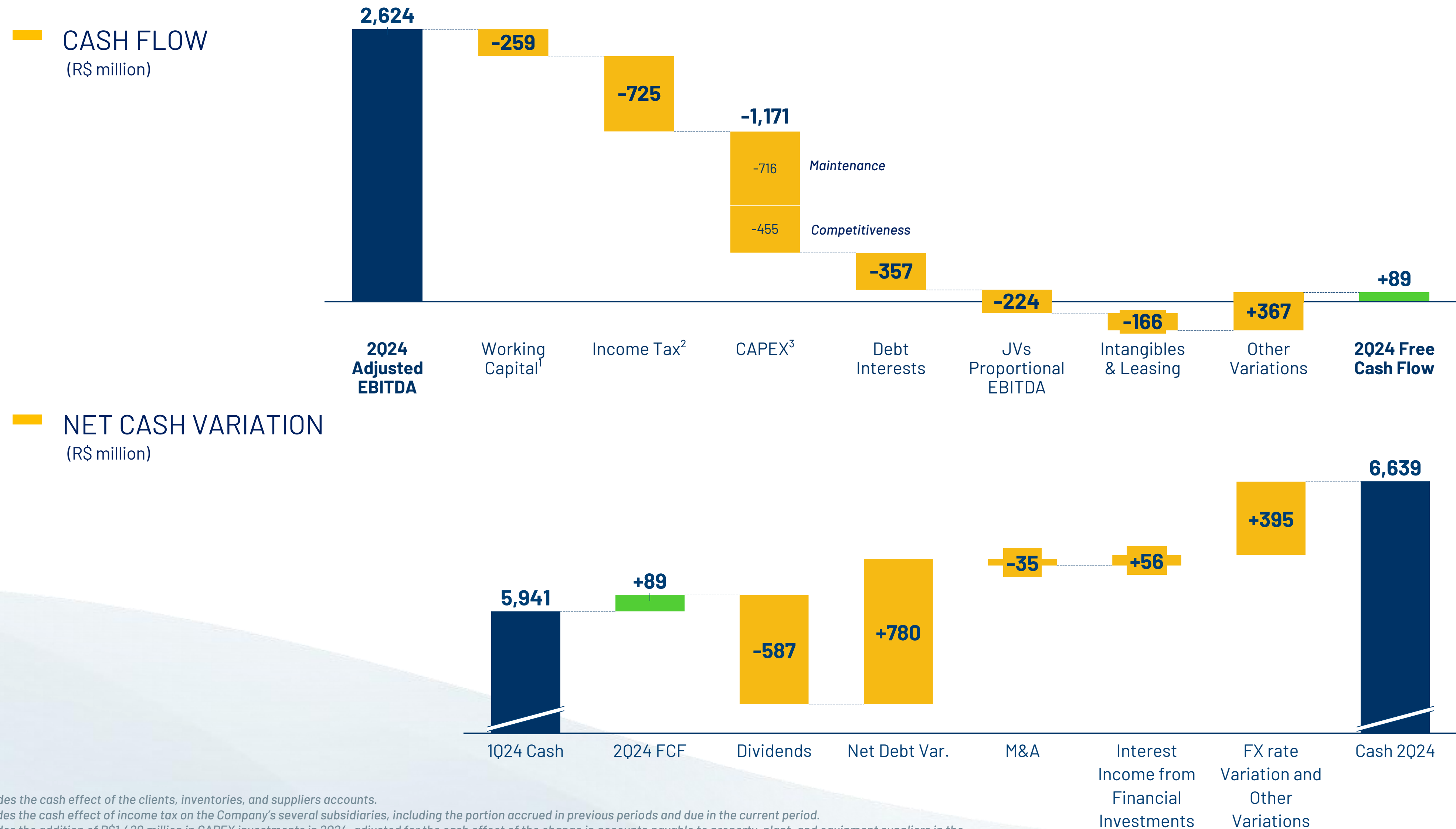


<sup>1</sup> Includes iron ore sales.

<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 & NET CASH VARIATION

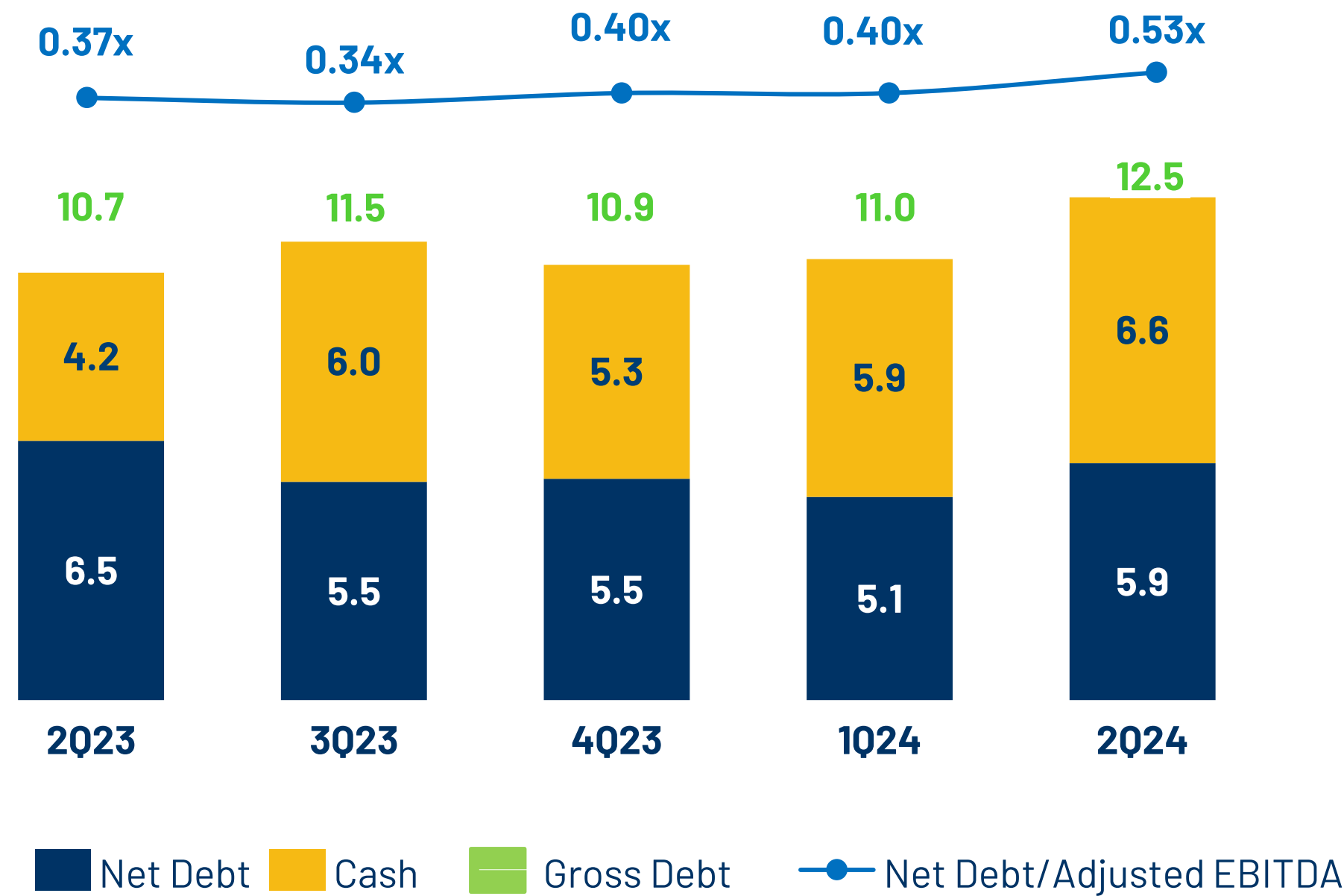


<sup>1</sup> Includes the cash effect of the clients, inventories, and suppliers accounts.  
<sup>2</sup> Includes the cash effect of income tax on the Company's several subsidiaries, including the portion accrued in previous periods and due in the current period.  
<sup>3</sup> Includes the addition of R\$1.420 million in CAPEX investments in 2024, adjusted for the cash effect of the change in accounts payable to property, plant, and equipment suppliers in the amount of R\$249 million, related to acquisitions which will be paid in future period.

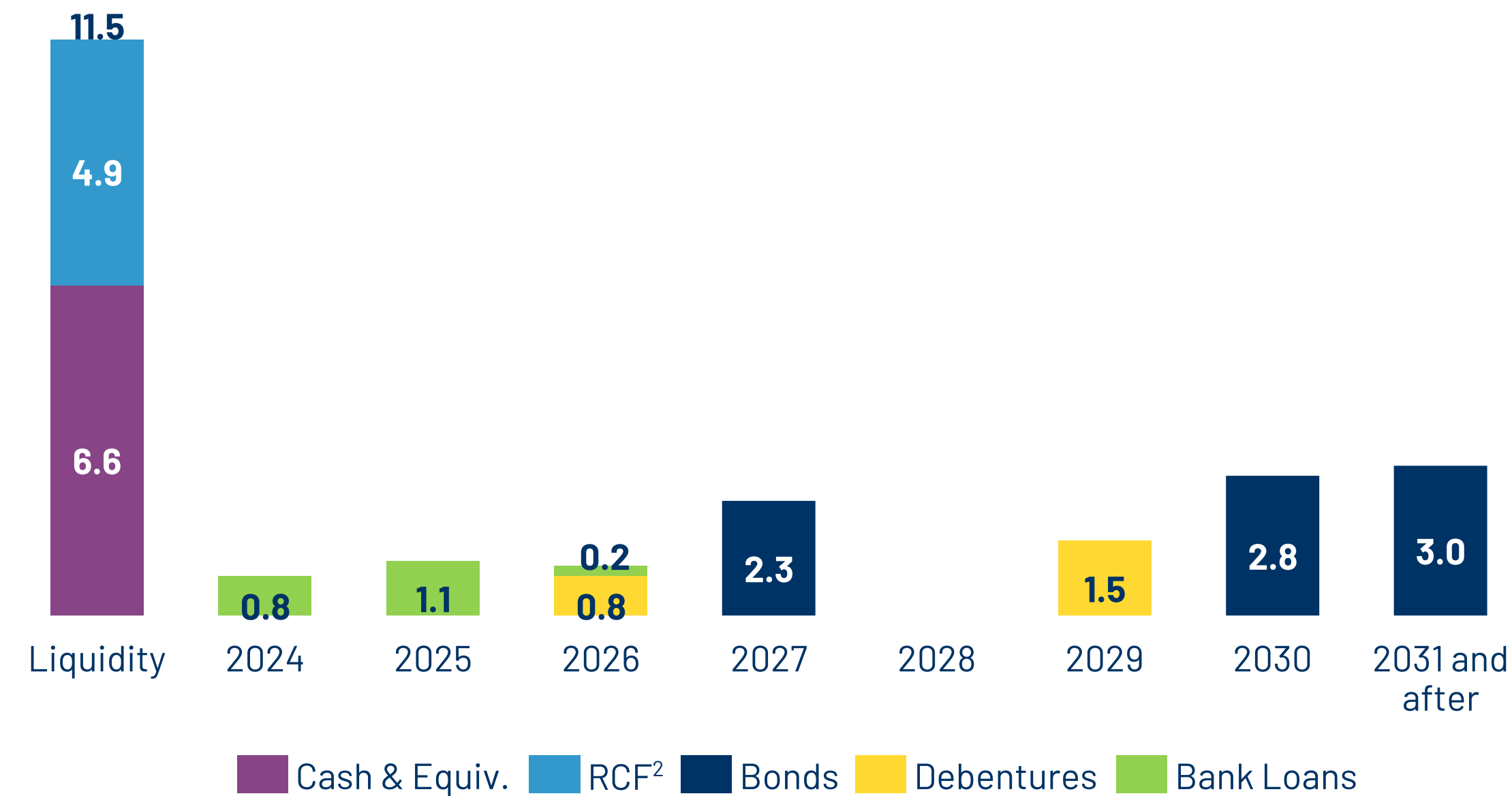


# LIQUIDITY & INDEBTEDNESS

CASH, DEBT, AND LEVERAGE  
(R\$ BILLION)



LIQUIDITY POSITION AND DEBT AMORTIZATION<sup>1</sup>  
(R\$ BILLION)



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

## FINANCIAL POLICY

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

AVERAGE TERM  
7.2 YEARS

AVERAGE COST  
BRL: 106.7% 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 POSITIVE

# STRATEGIC CAPEX (2021-2026)

INVESTMENTS IN BUSINESS GROWTH AND COMPETITIVENESS

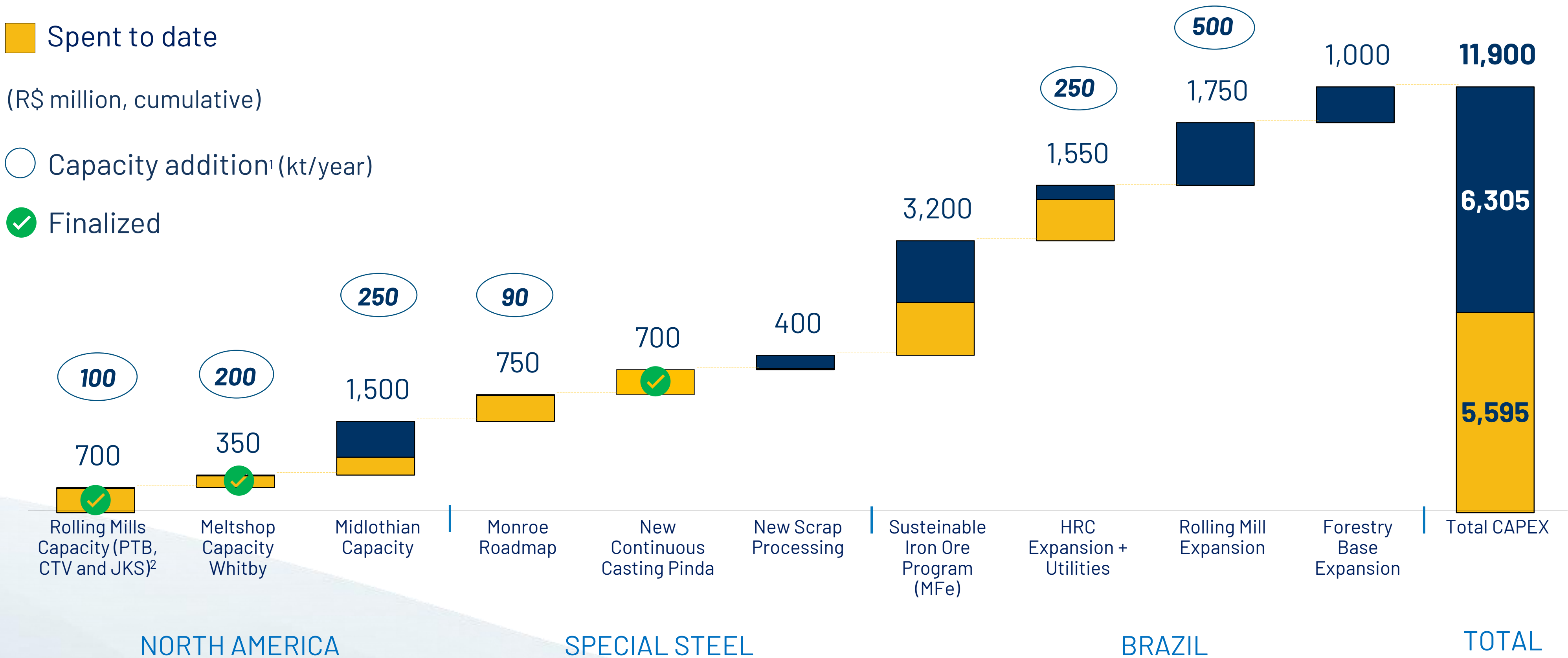
■ Unspent

■ Spent to date

(R\$ million, cumulative)

○ Capacity addition<sup>1</sup> (kt/year)

✓ Finalized



ADDITIONAL PRODUCTION CAPACITY:

+700,000 t crude steel and +1.4 M t rolling steel

2024 STRATEGIC CAPEX:

~R\$685 million

<sup>1</sup> After the investment matures.

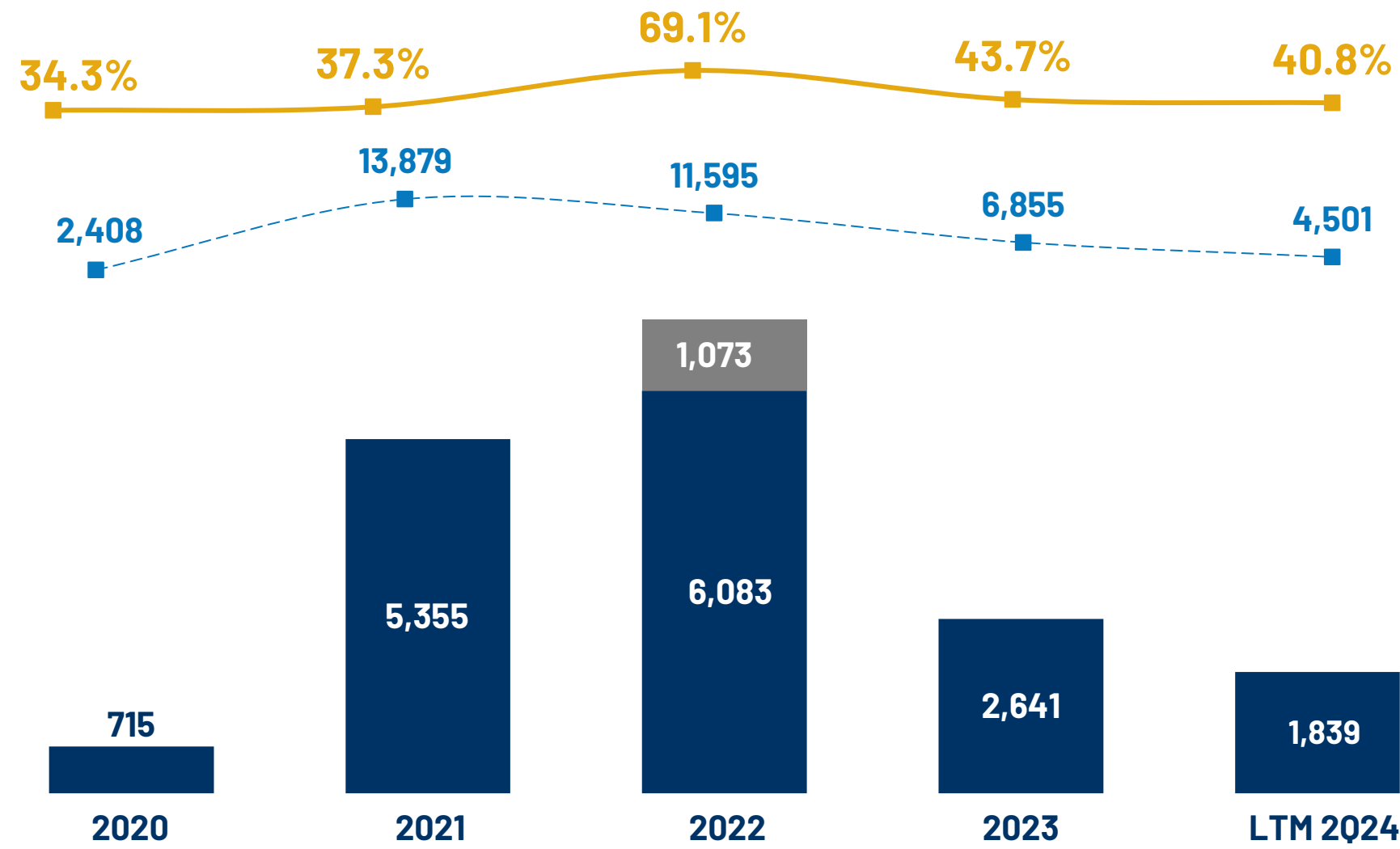
<sup>2</sup> PTB: Petersburg | CTV: Cartersville | JKS: Jackson



# SHAREHOLDER RETURNS

## PAYOUT ABOVE THE MINIMUM MANDATORY DIVIDEND PAYMENT

### DIVIDENDS



— Payout<sup>4</sup> — Adjusted Net Income (R\$ million) ■ Dividends distributed (R\$ million) ■ Buyback (R\$ million)

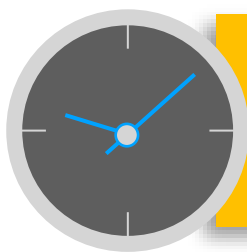
### SHARE BUYBACK PROGRAM

#### GGBR

- Up to 69.8 million of shares, of which:
- Up to 68 million GGBR4 shares (~5% of the free float<sup>2</sup>);
- Up to 1.8 million GGBR3 shares (~10% of the free float<sup>2</sup>);

#### GOAU

- Up to 33 million GOAU4 shares (~5% of the free float<sup>2</sup>);



Up to 12 months

### 2Q24 DIVIDEND DISTRIBUTION

GERDAU S.A.	AMOUNT	R\$252 M
	PER SHARE	R\$0.12

METALÚRGICA GERDAU S.A.	AMOUNT	R\$83 M
	PER SHARE	R\$0.08

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

<sup>2</sup> By class of share, with reference date: June 30, 2024.



# 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)



GERDAU  
Investor Day  
2024

10.3.2024  
**SAVE  
THE DATE**

More details coming soon



**GERDAU**  
Shape the future





*Statue of the Laçador in the  
City of Porto Alegre  
(Rio Grande do Sul, Brazil)*

# THANK YOU!

## **EARNINGS RELEASE 3Q24**

NOVEMBER 5, 2024  
(After market close)

## **VIDEOCONFERENCE**

NOVEMBER 6, 2024

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



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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.