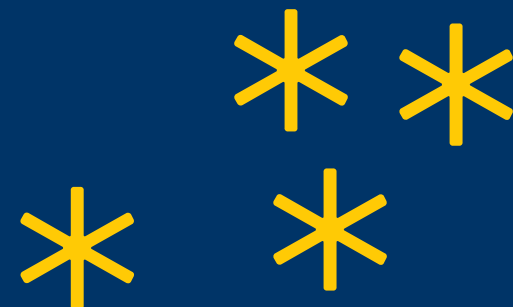


Gerdau Day



120



GERDAU

Shape the future

SCHEDULE – GERDAU DAY 120Y

Gustavo Werneck

05
minutes

Opening

**Gustavo Werneck
(Special Steel BD)**

10
minutes

- Special Steel Outlook
- Clean Steel – Customer of the Future

**Wang
(North America BD)**

15
minutes

- North America Outlook
- Market Indicators
- Our Ambition
- Investments

**Faraco (Brazil and
South America BDs)**

15
minutes

- Brazil Outlook
- Construction Sector Outlook
- Industry Sector Outlook
- Investments
- South America Outlook

**Juliano Prado
(Gerdau Next)**

15
minutes

- Portfolio Complementarity
- Strategic Verticals
- JV Juntos Somos Mais

**Harley Scardoelli
(Financial Results)**

15
minutes

- EBITDA
- FCF & Working Capital
- Liquidity & Indebtedness
- ROCE
- Return to Shareholders
- CAPEX
- Capital Allocation

Gustavo Werneck

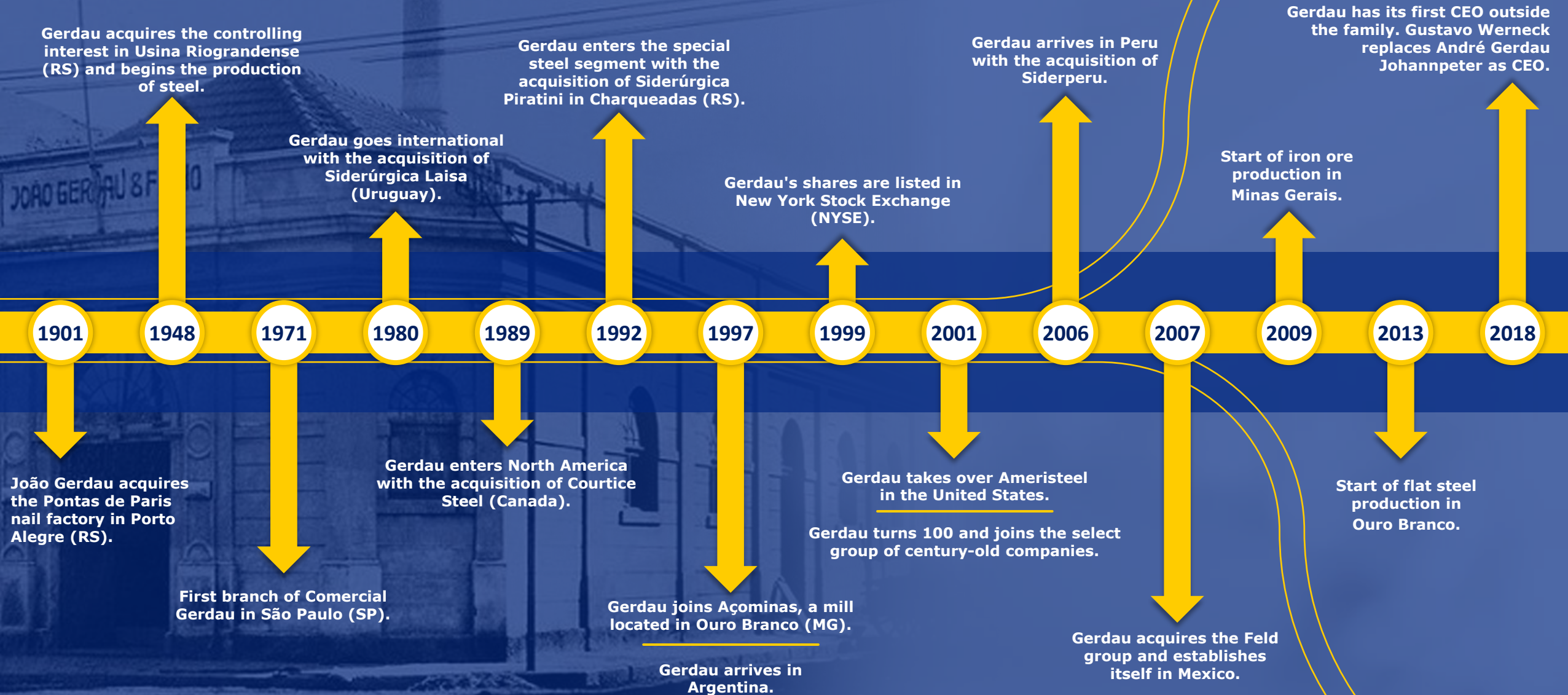
20
minutes

- Key Messages
- Digital Transformation
- Threats
- ESG Strategy
- Greenhouse Gases
- Diversity
- Scorecard ESG

**Q&A
Closure**

60
minutes

120 YEARS OF HISTORY





Business Divisions

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



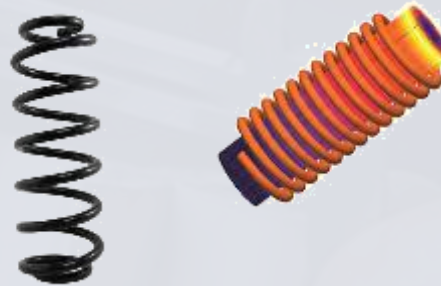
Wheel Hub

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.



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.



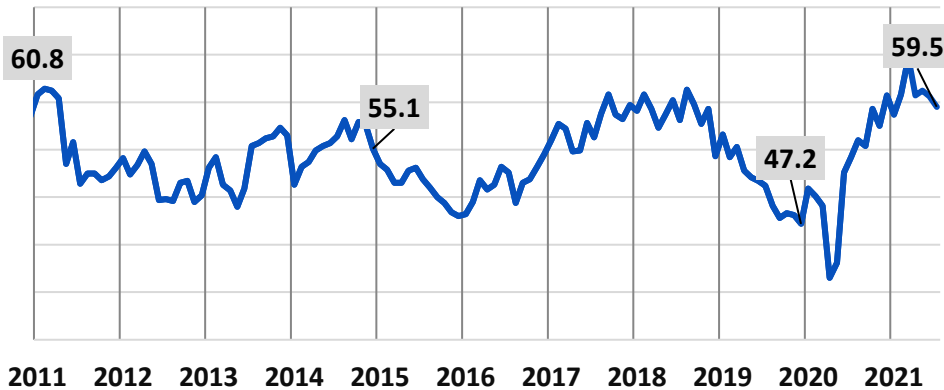
Asset Capacity utilization around 90%.

NORTH AMERICA BD INDICATORS

GROWTH IN THE MAIN INDICATORS

MANUFACTURING PMI

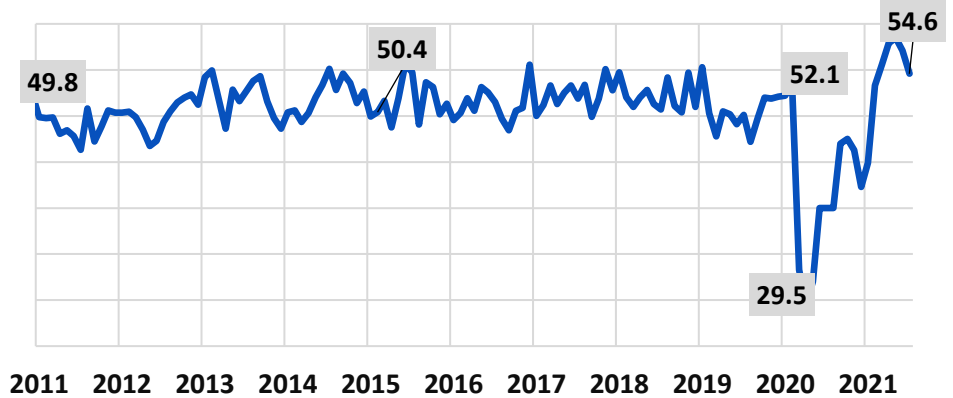
59.5 in July



Source: ISM

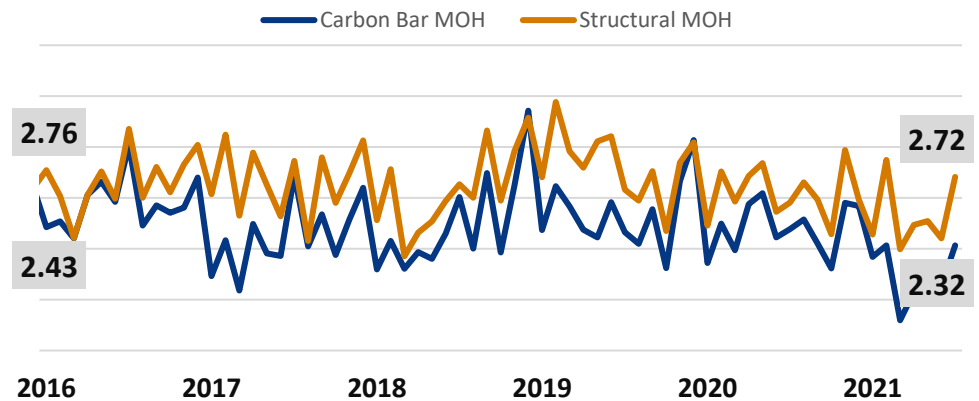
ARCHITECTURAL BILLINGS INDEX (ABI)

54.6 in July



Source: AIA

MSCI INVENTORIES



Source: MSCI

NORTH AMERICA

OUR AMBITION



CULTURE



MARKET POSITION



ASSET STRATEGY

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

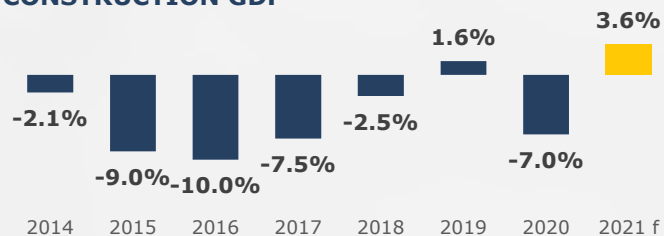
CONSTRUCTION SECTOR OUTLOOK

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

CONSTRUCTION

+3.6% in 2021

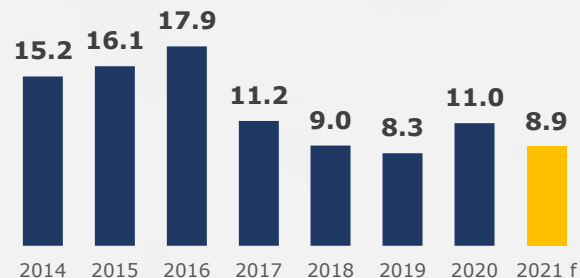
CONSTRUCTION GDP



Source: Tendências - Jul/21

REAL STATE (São Paulo - Months)

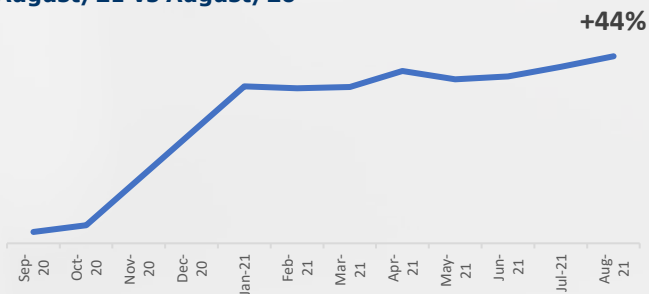
Low inventory



Source: Secovi Jun/20

CONSTRUCTION SITE

August/21 vs August/20



Source: Neoway

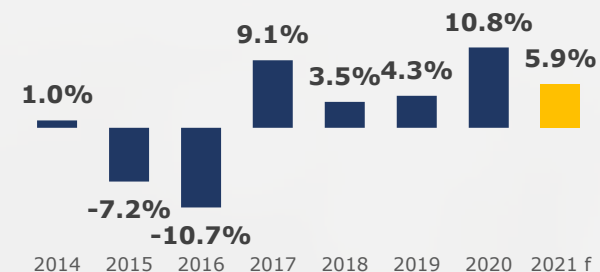
INFRASTRUCTURE (R\$ billion)



Source: ABDIB

RETAIL

+ 5.9% in 2021



Source: Tendências Jul/21

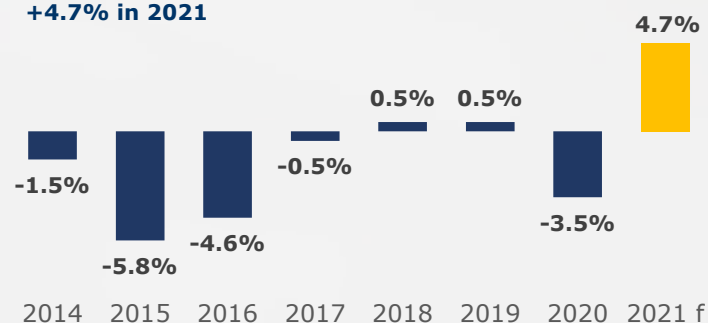
BRAZIL

INDUSTRY SECTOR OUTLOOK

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

INDUSTRY

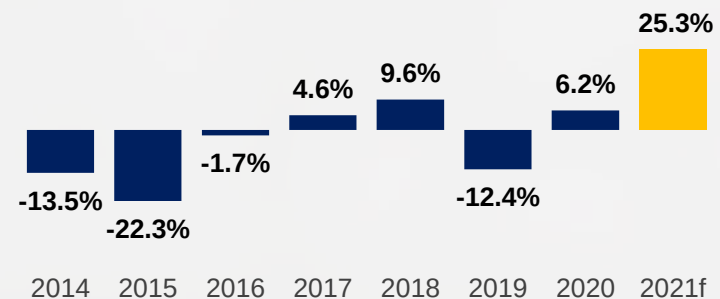
+4.7% in 2021



Source: Tendências Aug/21

MACHINERY AND EQUIPMENT FOR AGRICULTURE

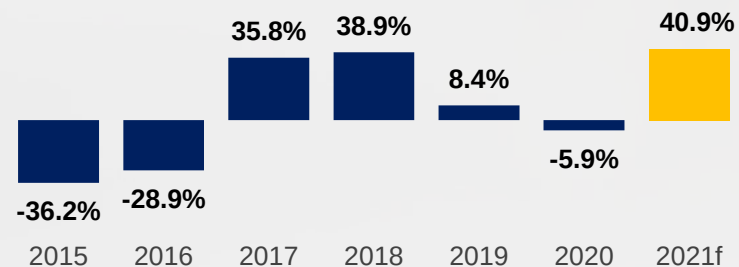
+25.3% in 2021



Source: Tendências May/21

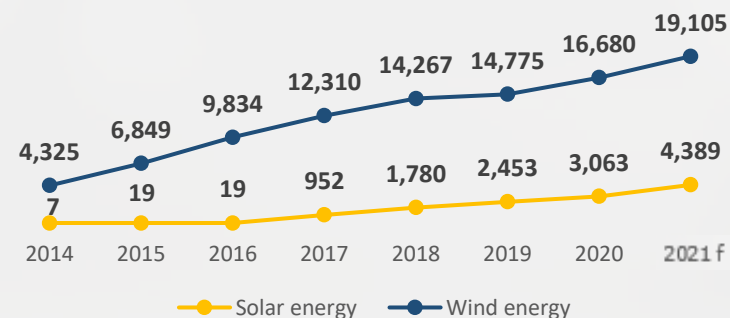
YELLOW LINE PRODUCTION

+40.9% in 2021



Source: ABIMAQ Jun/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

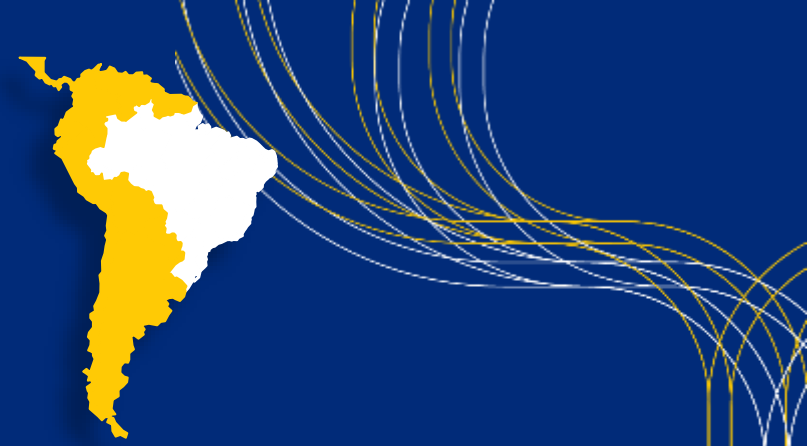
Comercial Gerdau

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.

120 

GERDAU
next

GERDAU NEXT REINFORCES OUR VISION OF LONG-TERM GROWTH

STRATEGIC VERTICALS

SUSTAINABILITY



Renewable Energy



Circular Economy



Advanced Materials



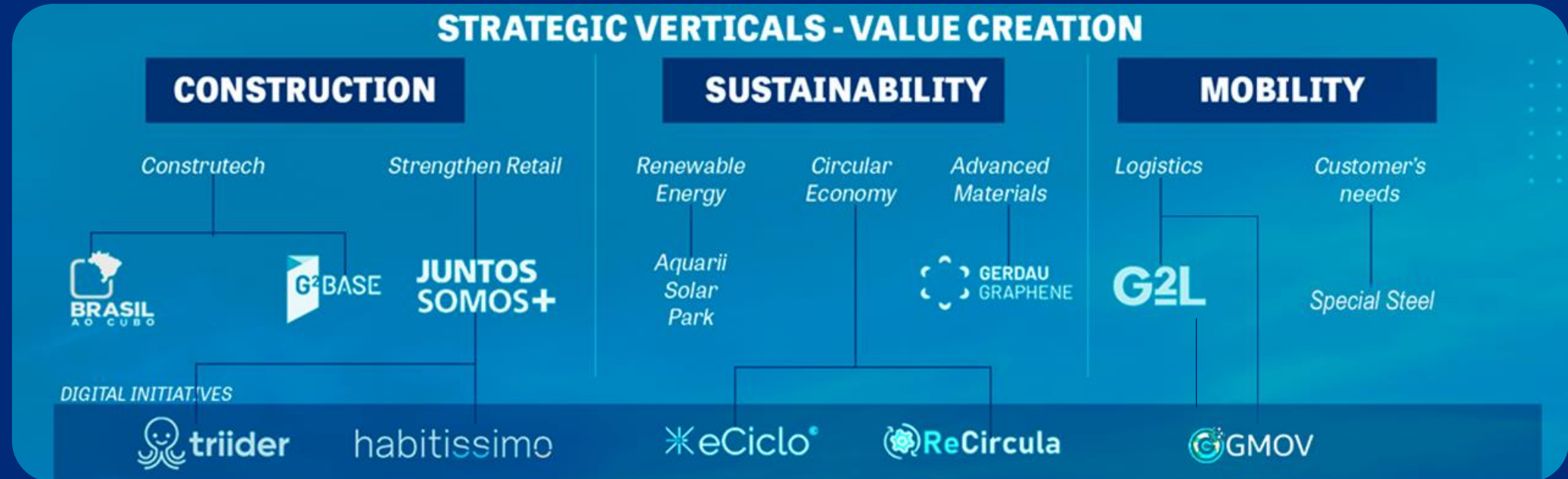
Logistics + Logtech



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**

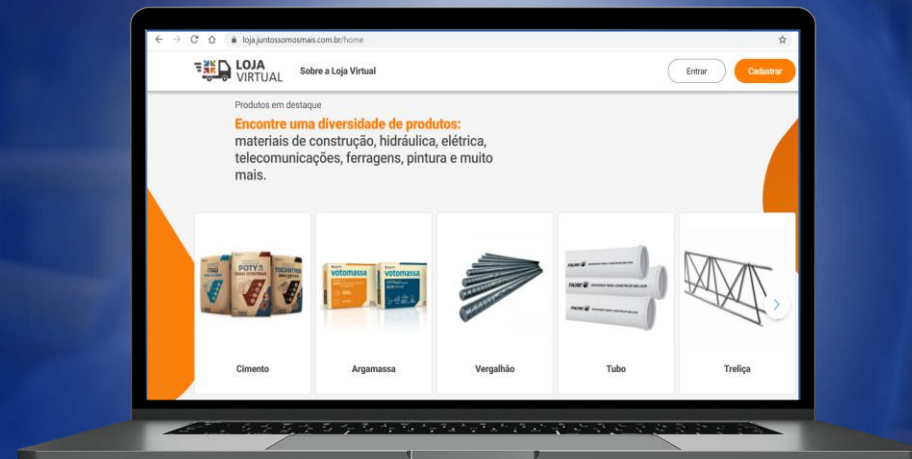
90 k stores and 1 million professionals

30+ participating companies

B2B marketplace GMV of USD 1.4 billion

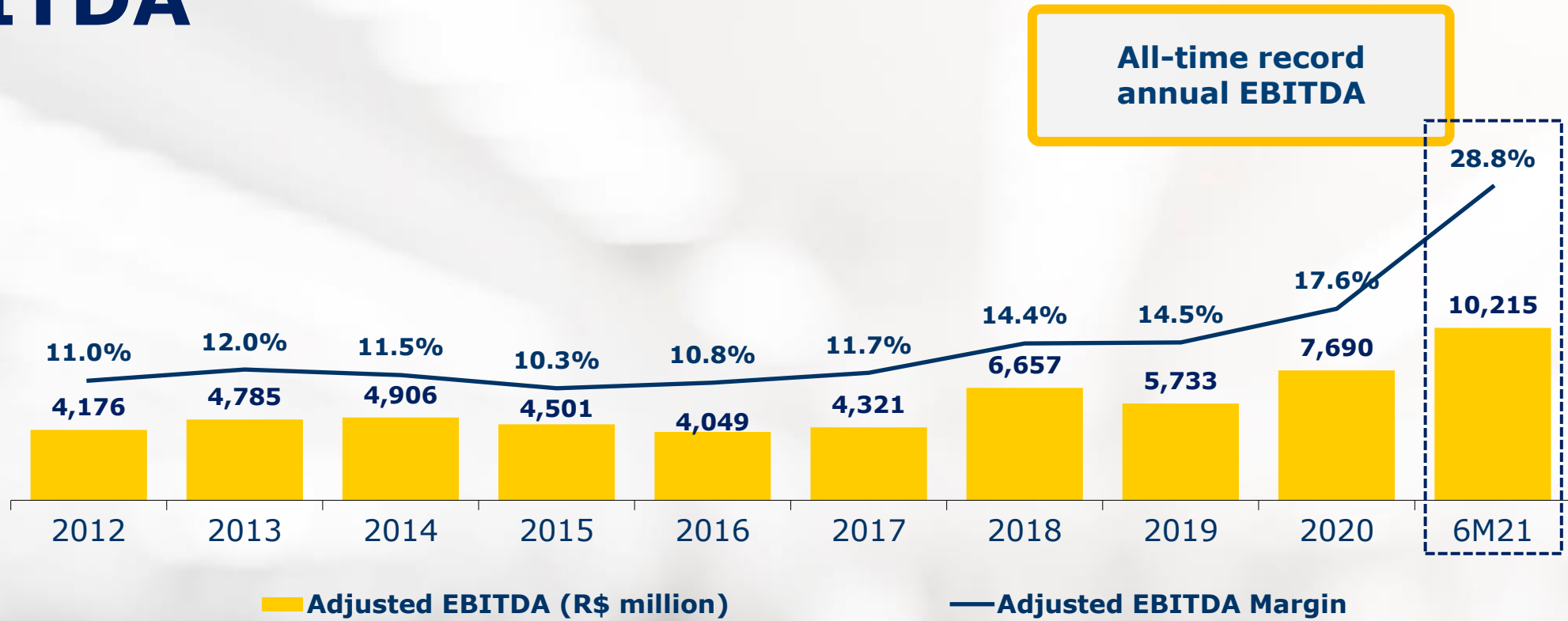
B2C Digital Triider + Habitissimo BR

Connection of PROs-End consumers for house renovations



Financial Results

EBITDA



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



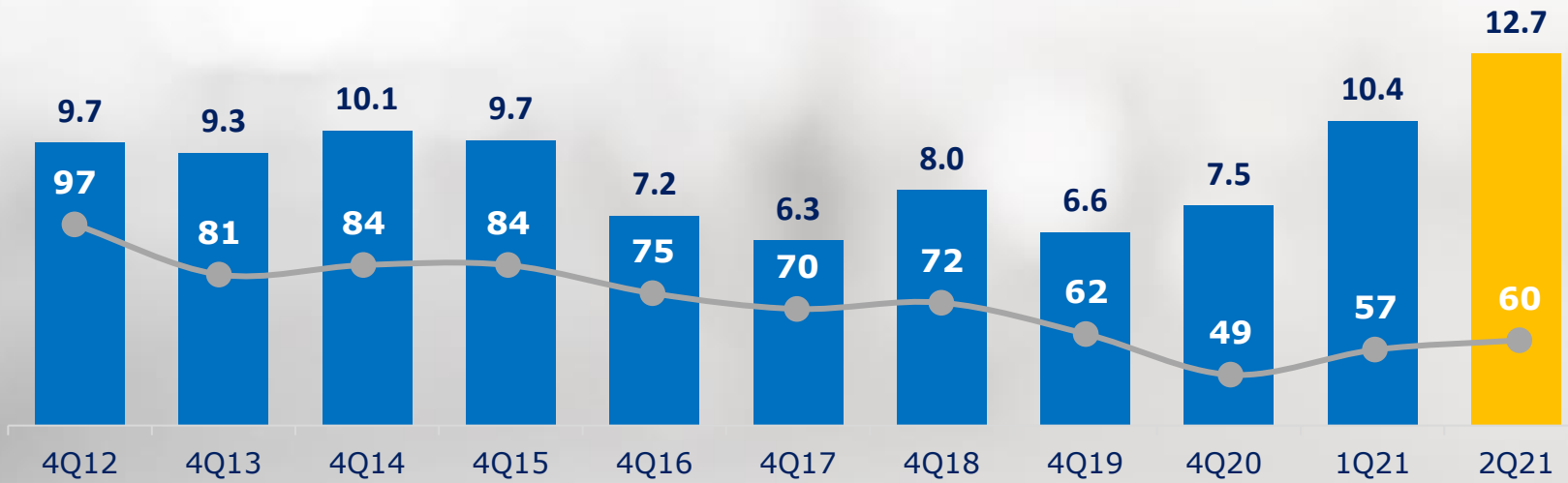
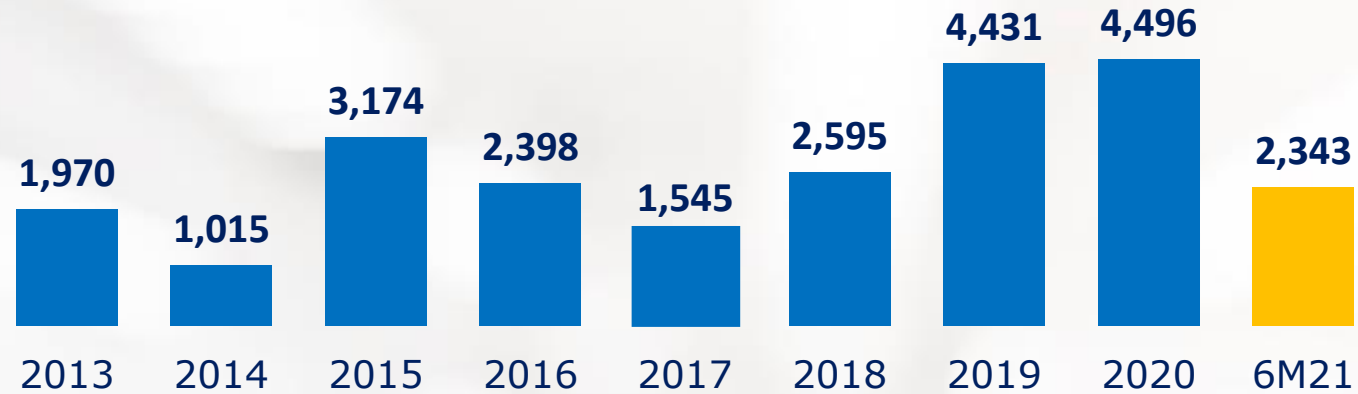
Teams' ability to absorb market **opportunities.**



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

FCF & WORKING CAPITAL

Free Cash Flow
R\$ million



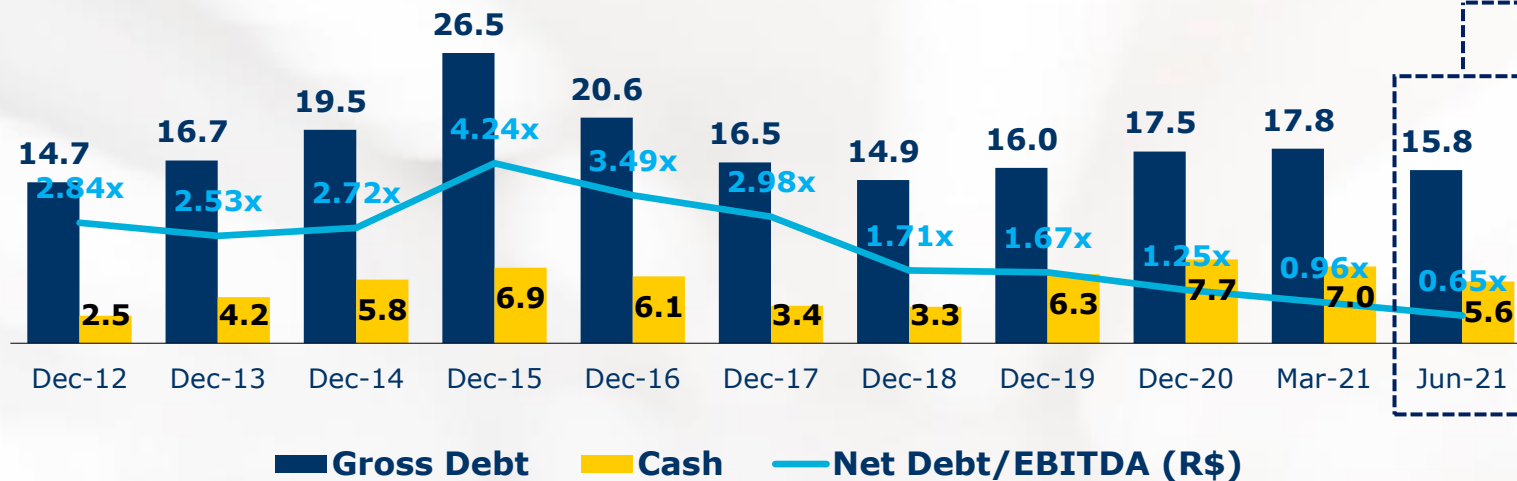
■ Working Capital (R\$ billion) ● Cash Conversion Cycle (days)

Working Capital & Cash Conversion Cycle

LIQUIDITY & INDEBTEDNESS

EXTENDED DEBT PROFILE

Debt & Leverage
R\$ billion



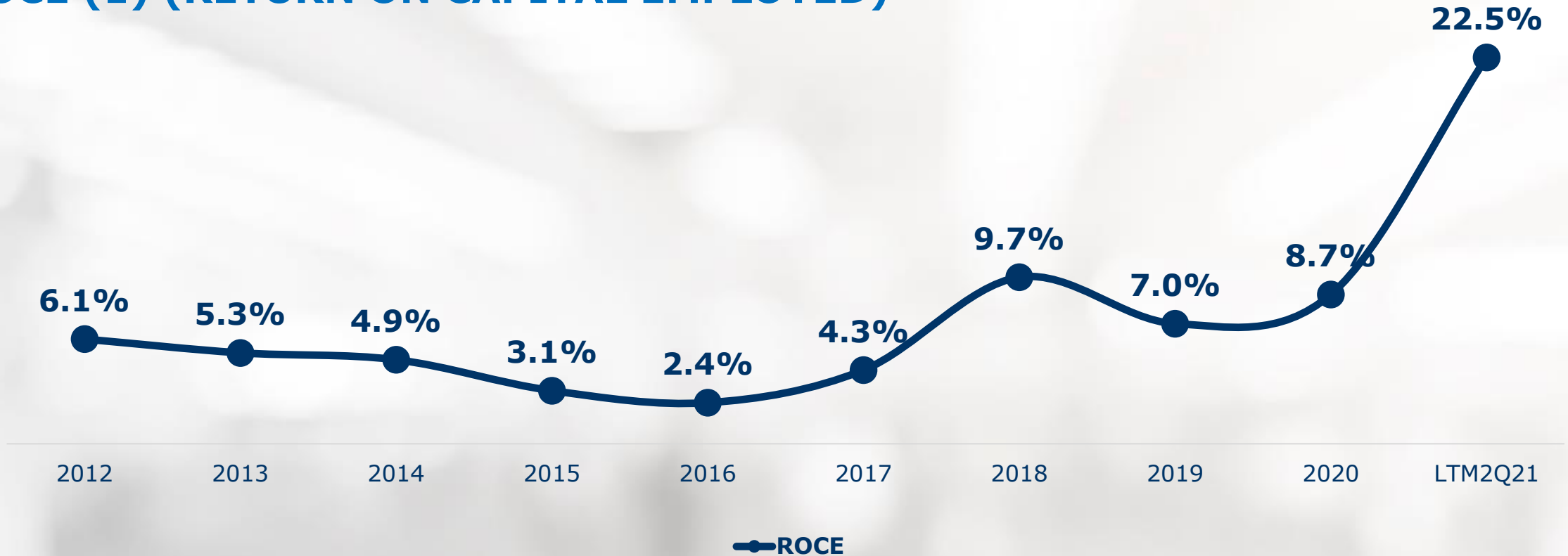
Lowest Net Debt/Ebitda ratio in 14 years



Average Cost of Debt
5.36% p.a.
Debt Maturity
7.7 years

RETURN ON INVESTMENT

ROCE (1) (RETURN ON CAPITAL EMPLOYED)



(1) ROCE = NOPAT/LTM capital employed

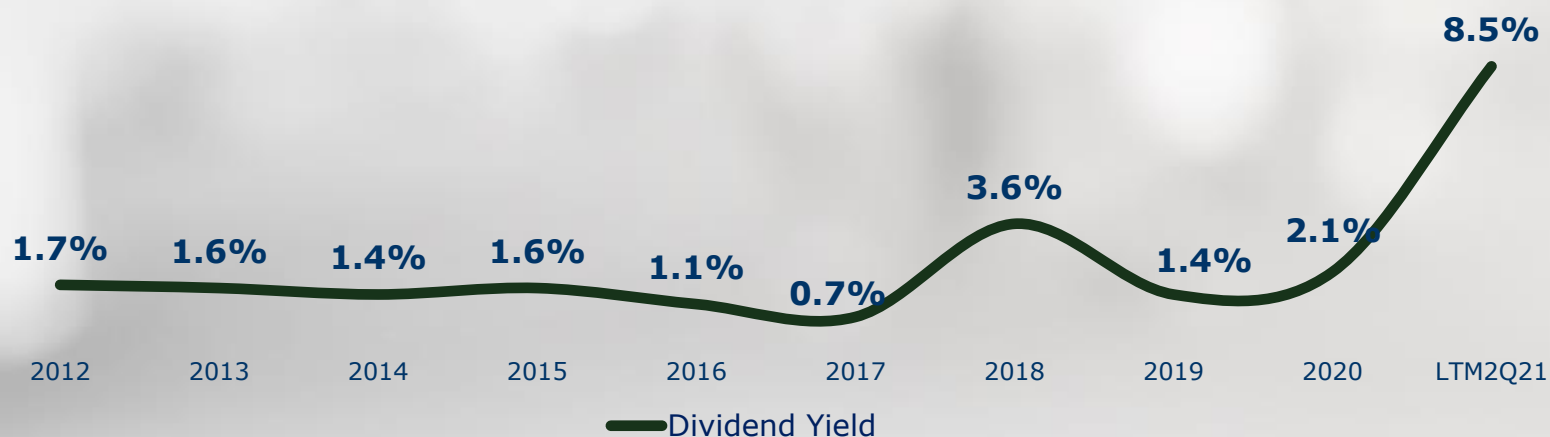
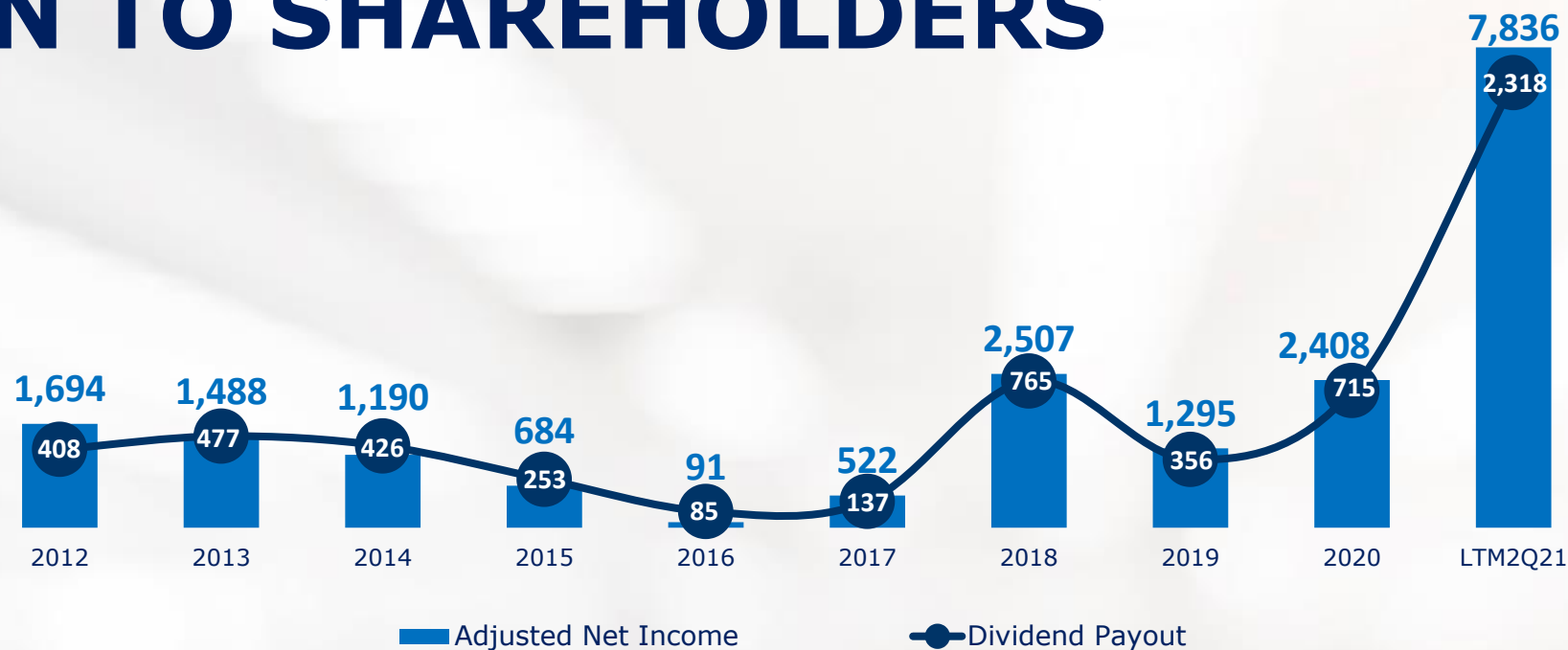
NOPAT = Net Operating Profit After Tax

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)
%**

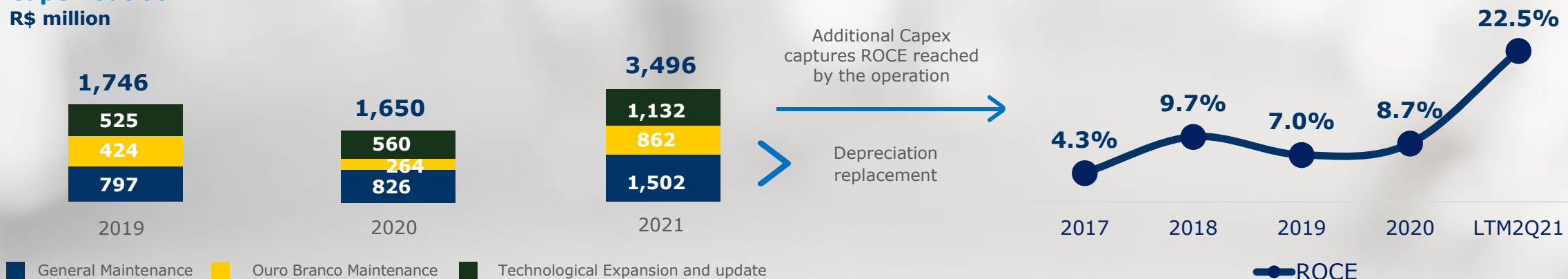
(1) Dividends paid/share price at the beginning of the period
LTM = Last twelve months

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\$ 2.3 billion
(LTM 2Q21)

CAPEX 2021e
R\$ 3.5
billion

Working capital
(June/21)
R\$ 5.2 billion

**CASH
SURPLUS**

**GROSS DEBT
REDUCTION**

JUNE/21
R\$ 16
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**

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**

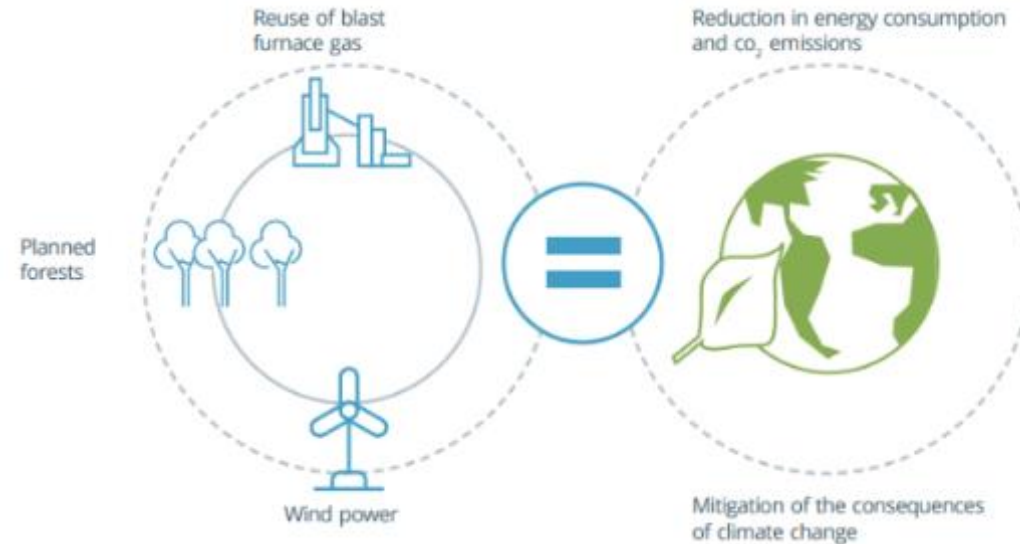
GREENHOUSE GASES

EMISSIONS

CO₂ EMISSIONS

GERDAU: 0.93 tCO₂e/t of steel produced
Gerdau's emissions are approximately half of the global average for the steel industry: 1.83 tCO₂e/t steel produced.

Source: World Steel Association.



Highlights

- Scrap based footprint (~70% EAF).
- Use of bio-reducing agents.
- Reuse of the gases generated.

GERDAU

DIVERSITY PROFILE

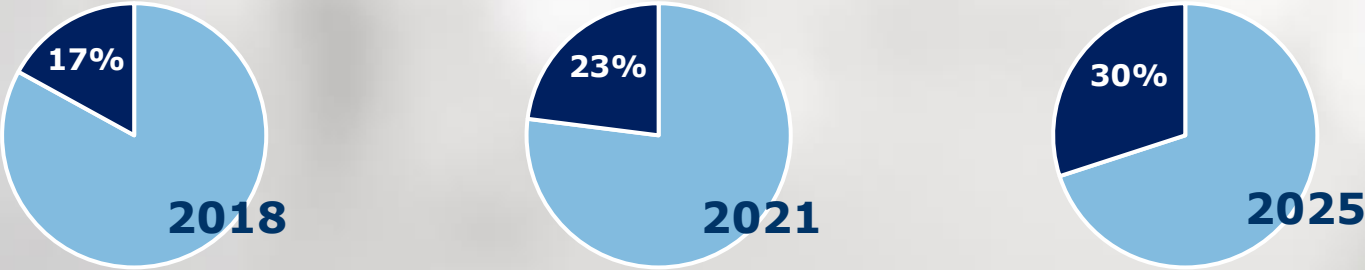
Key Gender

Men Women

Governance Bodies:



Women Executive:



Scorecard ESG

DIMENSION	INDICATORS	2018	2019	2020	ASSOCIATED MATERIAL TOPICS	ASSOCIATED SDG
 Environmental	Greenhouse Gases per volume of steel (tCO ₂ /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	

**THANK
YOU!**

