



EARNINGS RELEASE – 2nd Quarter



Gustavo Werneck – President & Chief Executive Officer

Harley Scardoelli – Chief Financial Officer



GERDAU



Highlights

2nd Quarter 2019

EBITDA margin: 15.5%
+ 0.9pp from 2Q18

EBITDA: R\$ 1.6 billion

Net Income: R\$ 373 milion

Reduction of SG&A
3.5% of net sales

Free Cash Flow
R\$ 361 million

Performance of North America Division

EBITDA margin of 11.1% (+ 1.9pp)
Metal spread at historically high levels



Financial Results

Gerdau S.A. Consolidated – IFRS



Highlights - Financial

Net financial expenses reduce:

- 58% 2Q19 x 2Q18
- 36% 6M19 x 6M18

Generation of free cash flow:

- Positive on 6M19

Debenture emission in R\$:

- Serie of 4 years
- Serie of 7 years

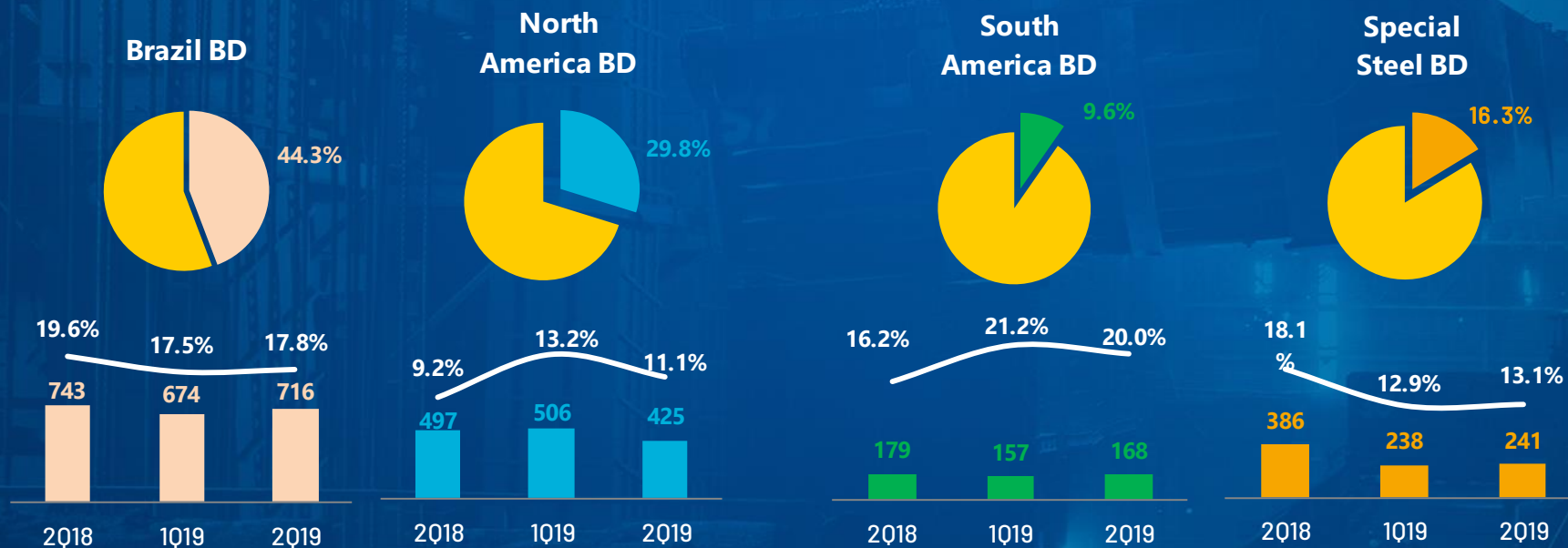
Dividends:

- R\$ 0.07/share Gerdau S.A.
- R\$ 0.04/share Metalúrgica Gerdau S.A.



EBITDA

Adjusted EBITDA and adjusted EBITDA margin per BD - R\$ million and %

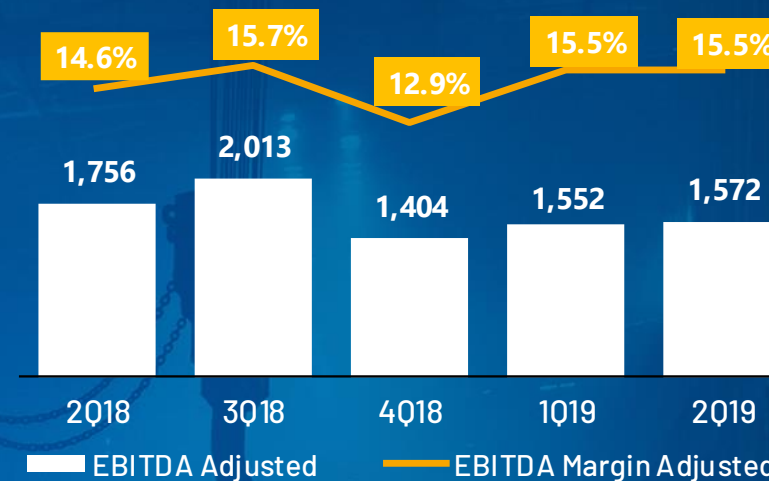


■ EBITDA (R\$ million)

— EBITDA Margin (%)

● Participation of Adjusted EBITDA per BD (last 12 months)

Adjusted EBITDA and adjusted EBITDA margin R\$ million and %





Indebtedness

LONGER DEBT MATURITY PROFILE

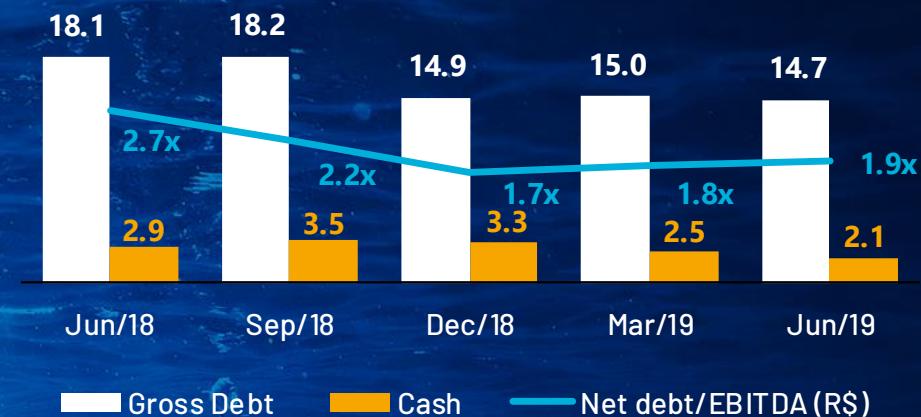
Average debt cost

6.5%

Average debt term

7.1 years

Debt and Leverage Ratio - R\$ billion



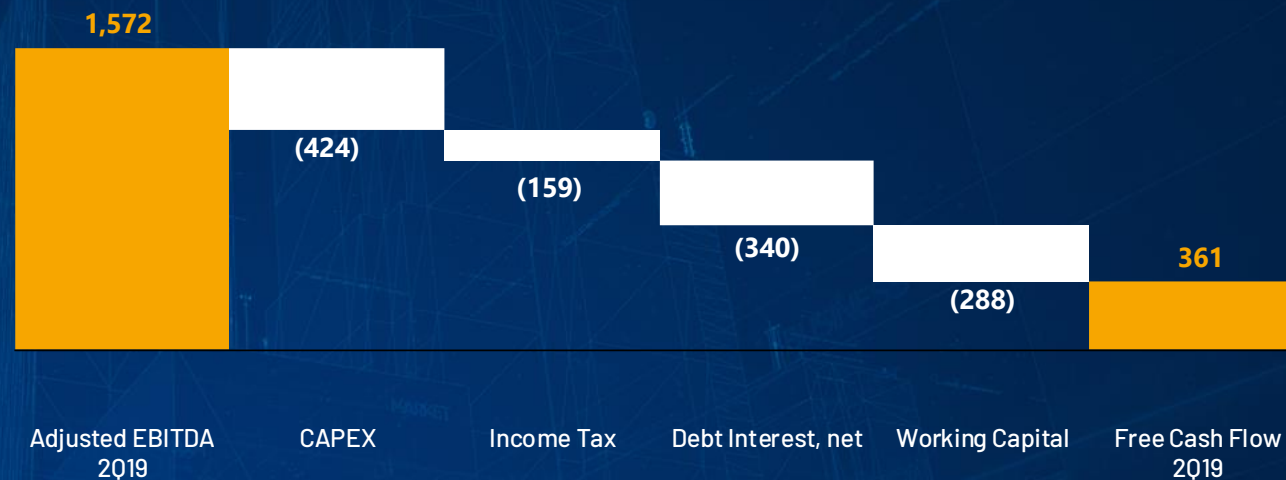
Debt Amortization Schedule



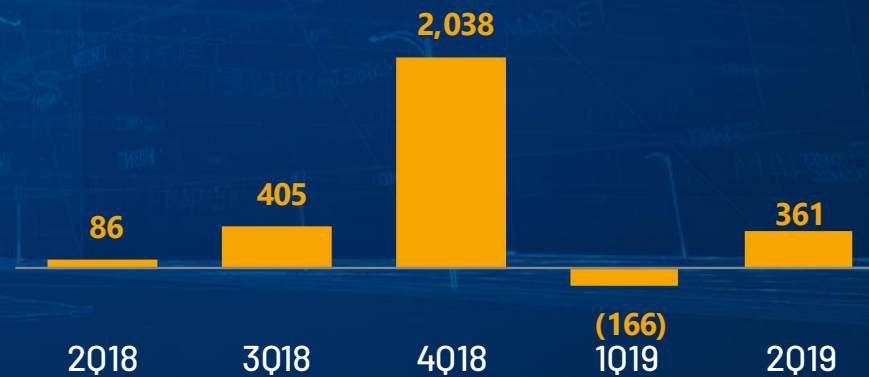


Free Cash Flow

Evolution of free cash flow R\$ million



Free Cash Flow 2Q19





Outlook 2nd semester of 2019

Americas & International Markets

International Market

- Moderate growth in world economy
 - Increase of 1.3% in steel demand (Worldsteel)
 - Prospect of slowing consumption in China, which should grow 1% in 2019 (Worldsteel)

Brazil

- Economy expected to gradually recover, with reforms and economic measures advancing
 - Construction and industrial industries should stage recovery from the 4th quarter of 2019
 - Construction retail maintains good performance

North America

- U.S. economy should continue to grow
 - Continuation of Section 232
 - GDP expansion of 2.6% in 2019 (IMF)

Special Steel

- Sales and production in first half indicate good outlook for Brazilian automotive industry
- More balanced special steel inventories throughout the US chain

South America

- Highlights are Peruvian and Colombian economies

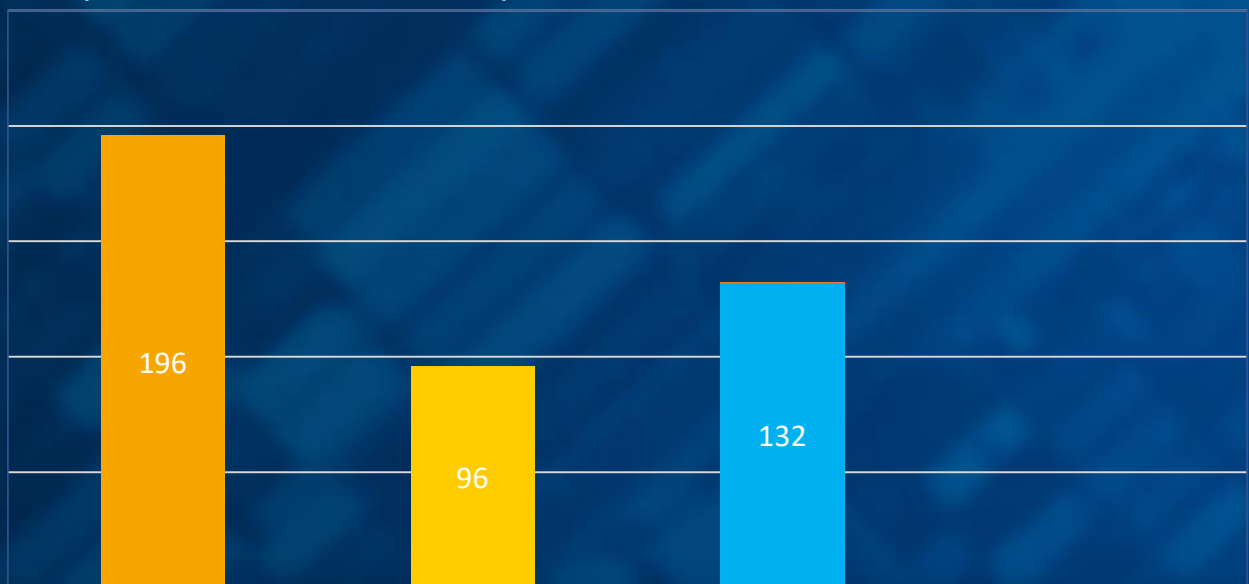


Investments

2nd Quarter of 2019

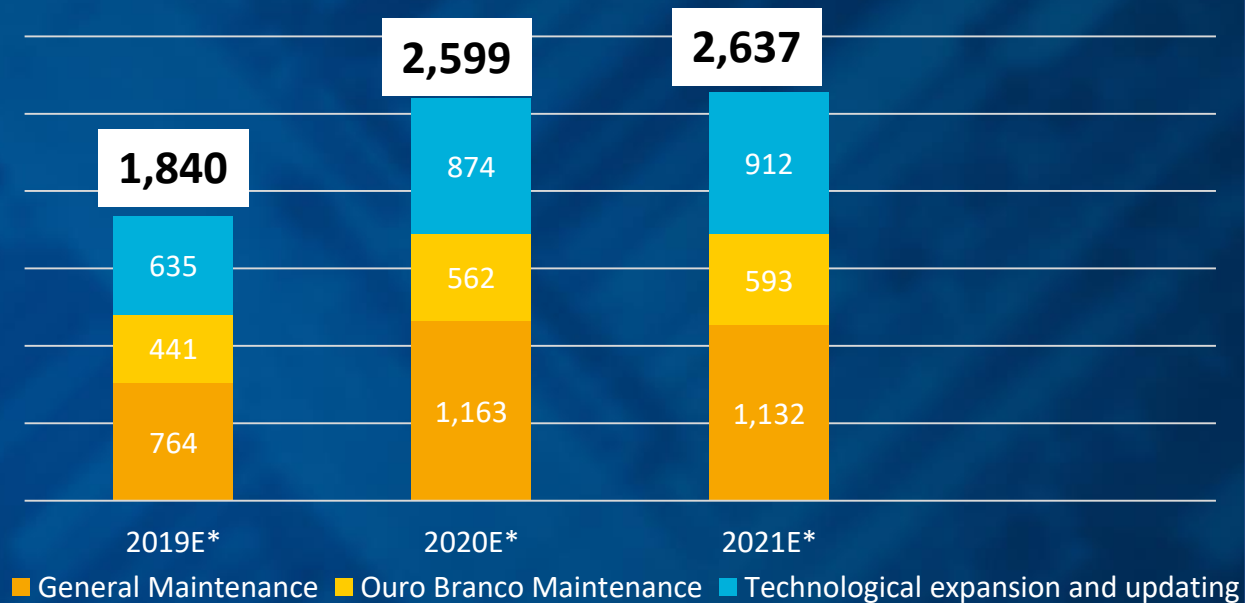
CAPEX

(R\$424 million)



■ General Maintenance ■ Ouro Branco Maintenance ■ Technological expansion and updating

CAPEX (2019 – 2021) *in R\$ million



*Estimated Information





Sustainability

Creating value for costumers

Operational profitability

Free cash flow

Digital transformation



**SAVE
THE DATE**

3Q19 earnings release:

October, 30, 2019

