4Q13 Conference Call
Gerdau S.A. Consolidated – IFRS

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Industry Overview

- ✓ World steel production of 1.6 billion tonnes in 2013, up 3.5% from 2012;
  - ✓ Brazil: output of 34.2 million tonnes, stable compared to 2012;
  - ✓ Latin America (ex Brazil): production of 31.7 million tonnes, up 1.3%;
  - ✓ United States: output of 87.0 million tonnes, up 2.0% from 2012.
- ✓ World Outlook:
  - ✓ World GDP growth forecast at 3.7% for 2014;
  - ✓ Steel consumption expected to grow by 3.3% in 2014.

Note: Comparisons of 2013 vs. 2012.

Source: worldsteel, Instituto Aço Brasil and Alacero.

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Gerdau – Highlights

	Unit	2013	2012	Δ%	4Q13	4Q12	Δ%
SHIPMENTS	Million tonnes	18.5	18.6	-0,5%	4.6	4.3	+7%
CRUDE STEEL PRODUCTION	Million tonnes	18.0	18.9	-5%	4.5	4.2	+7%
NET SALES	R$ million	39,863	37,982	+5%	10,321	8,988	+15%
EBITDA	R$ million	4,784	4,176	+15%	1,370	891	+54%
NET INCOME	R$ million	1,694	1,496	+13%	492	143	+244%
DIVIDENDS							
Metalurgica Gerdau	R$ million	150	130		33	8	
Gerdau		477	408		119	34	

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2014 Outlook

BRAZIL

- ✓ Economy: GDP growth forecast at 1.8%;
- ✓ Steel consumption: growth of 3.2% compared to the prior year, to 27.4 million tonnes;
- ✓ Construction Industry: growth of 2.4% in construction GDP;
- ✓ Manufacturing Industry: industrial GDP estimated to grow 1.9%;
- ✓ Agriculture: growth of 3.3% in agriculture GDP.

Source: Instituto Aço Brasil, Focus e BACEN.

2014 Outlook

NORTH AMERICA

- ✓ Indicators show gradual recovery in the economy;
- ✓ Forecast for U.S. GDP growth: 2.8%;
- ✓ U.S. steel consumption: growth of 3.0% to 99.8 million tonnes;

LATIN AMERICA

- ✓ Healthy economic growth in the region, led by Peru (GDP +5.7%), Chile (GDP +4.5%) and Colombia (GDP +4.2%);
- ✓ Steel consumption: expected consumption of 44.9 million tonnes, growing 5.9% compared to 2013.

Source: worldsteel, FMI, Bloomberg e Alacero.

2014 Outlook

SPECIAL STEEL

BRAZIL:

✓ Auto industry is more cautious, but with a positive outlook for the heavy-vehicle segment reflecting the good performance of Brazil's agricultural sector.

NORTH AMERICA:

✓ Recovery in the truck segment and continued good demand from the light-vehicle segment.

EUROPE:

✓ Outlook for gradual recovery led by improvement in the region's economy and the need to rebuild inventories.

INDIA:

✓ The recovery begun in the fourth quarter of last year should continue, supported by expectations of higher spending by the public sector.

Closing Remarks

✓The improvement in Gerdau's performance in 2013 reflects our efforts to optimize the efficiency of our operations:

- ✓ Reduction in Working Capital: approximately R$1.0 billion;
- ✓ Improvement in liquidity and debt indicators;

✓ Challenges overcome: integration of the long steel operations, start of flat steel production, expansion of mining activities and expansion in world special steel capacity;

✓ Gerdau has selectively maintained its investment plan, enabling the execution of its long-term strategy;

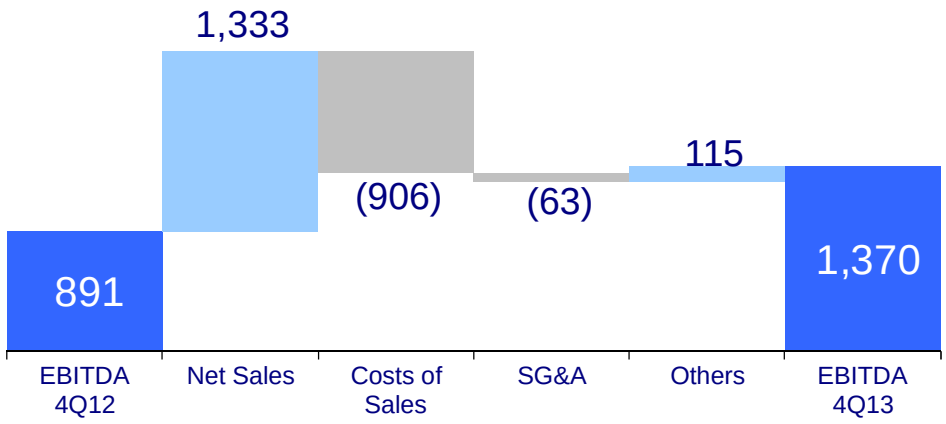
✓ The challenge caused by excess world installed steel capacity remains a source of concern for 2014.

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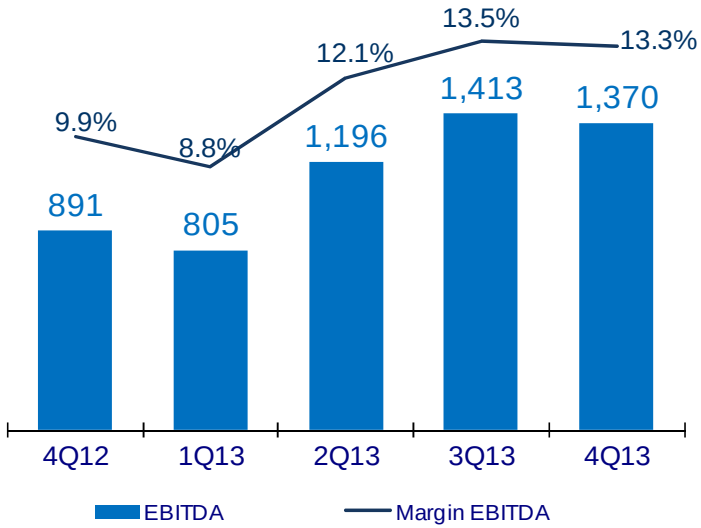
Performance Gerdau 4Q13 x 4Q12 – Consolidated

In R$ million	2013	2012	Δ 2013/2012	4Q13	4Q12	Δ 4Q13/4Q12	3Q13	Δ 4Q13/3Q13
NET SALES	39,863	37,982	5.0%	10,321	8,988	14.8%	10,494	-1.6%
Costs of Sales	(34,728)	(33,234)	4.5%	(8,971)	(7,969)	12.6%	(8,960)	0.1%
SG&A	(2,612)	(2,471)	5.7%	(669)	(606)	10.4%	(672)	-0.4%
Other operating income and expenses	177	63	181.0%	108	18	500.0%	5	2060.0%
Equity in earnings of unconsolidated companies	54	8	575.0%	19	(6)	-	18	5.6%
Financial result, net	(1,301)	(789)	64.9%	(355)	(222)	59.9%	(206)	72.3%
Income and Social Contribution taxes	241	(63)	-	39	(60)	-	(37)	-
NET INCOME	1,694	1,496	13.2%	492	143	244.1%	642	-23.4%
EBITDA	4,784	4,176	14.6%	1,370	891	53.8%	1,413	-3.0%
EBITDA Margin	12.0%	11.0%	-	13.3%	9.9%	-	13.5%	-
SHIPMENTS (thousand tonnes)	18,519	18,594	-0.4%	4,555	4,317	5.5%	4,775	-4.6%

EBITDA Evolution (R$ million)



EBITDA (R$ million) and EBITDA Margin

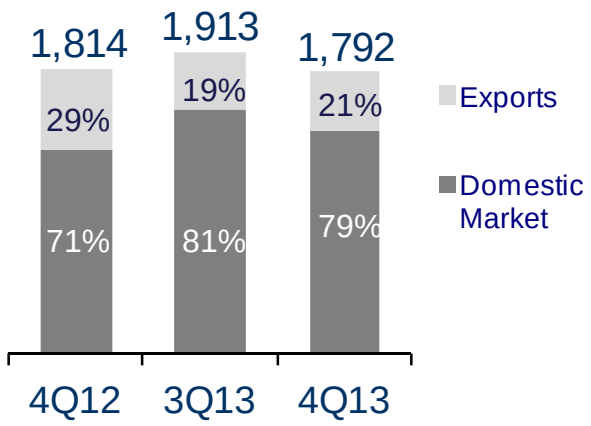


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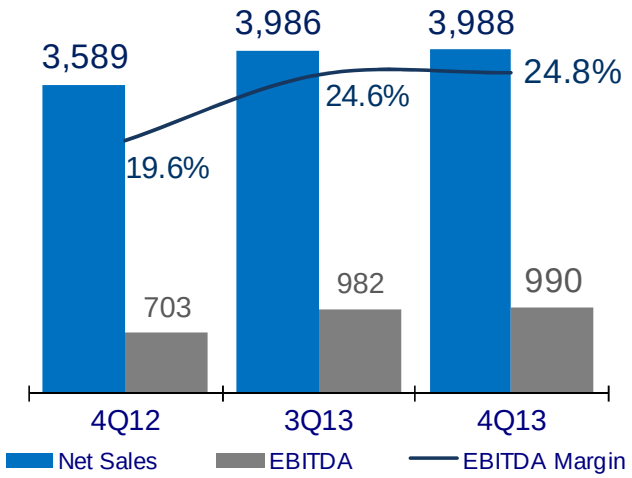
Performance Gerdau 4Q13 x 4Q12 – Brazil BO[1]

Shipments: -1.2%	• Lower exports (-27.7%). • Stronger domestic demand (+9.4%).
Net sales: +11.1%	• Better market mix. • Higher net sales per tonne sold. • Contribution of iron ore sales.
Costs: +7.3%	• Costs of iron ore operation.

SHIPMENTS ('000 tonnes)



NET SALES, EBITDA (R$ million) & EBITDA Margin (%)



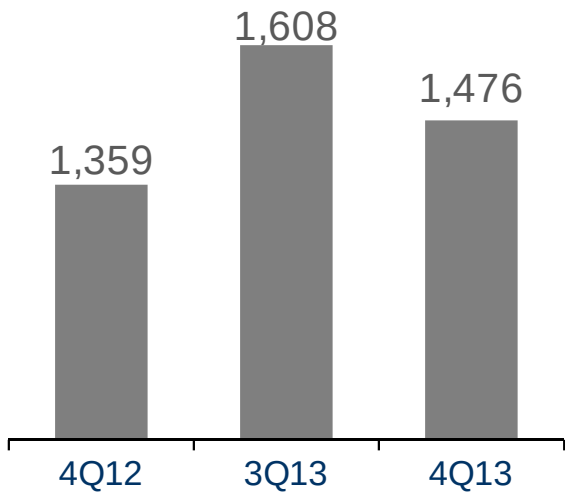
Note1: includes the steel operations in Brazil (except special steel) , the iron ore operation in Brazil and the Colombia metallurgical coal and coke operation.

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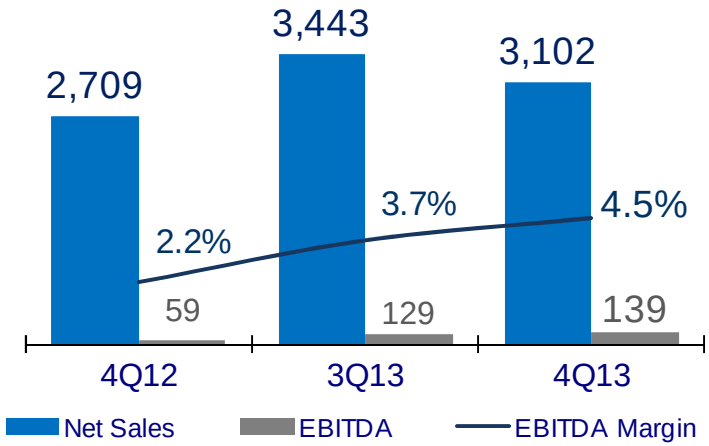
Performance Gerdau 4Q13 x 4Q12 – North America BO1

Shipments: +8.6%	• Better economic scenario compared to 4Q12.
Net sales: +14.5%	• Higher shipments. • Higher net sales per tonne sold, due to exchange variation.
Costs: +13.1%	• Higher shipments.

SHIPMENTS2 ('000 tonnes)



NET SALES2, EBITDA (R$ million) & EBITDA Margin (%)



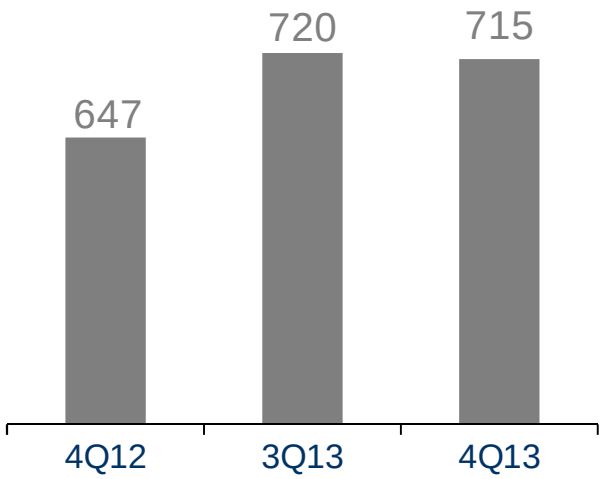
Note 1: Includes all operations in North America, except Mexico and specialty steel
Note 2: Excludes data from associated companies and jointly controlled entities.

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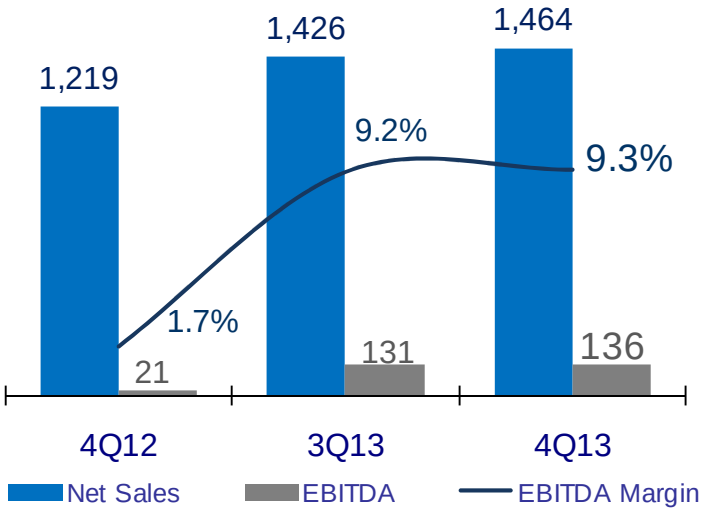
Performance Gerdau 4Q13 x 4Q12 – Latin America BO[1]

Shipments: +10.5%	• Higher shipments mainly in Colombia, Peru and Chile.
Net sales: +20.1%	• Higher shipments. • Higher net sales per tonne sold.
Costs: +10.2%	• Higher shipments.

SHIPMENTS[2] ('000 tonnes)



NET SALES[2], EBITDA (R$ million) & EBITDA Margin (%)



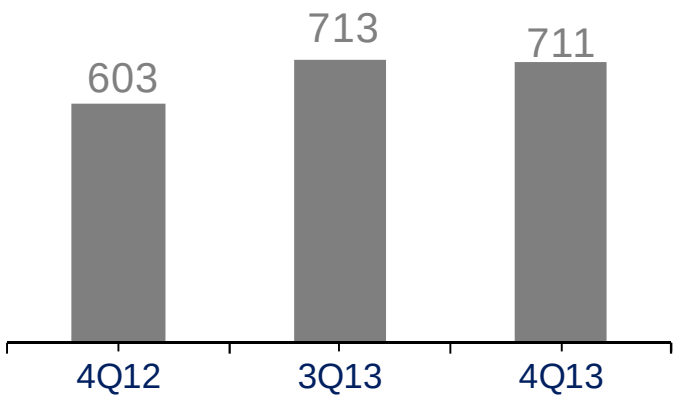
Note 1: Includes all operations in Latin American, except Brazilian operations and Colombian metallurgical coal and coke operation.
Note 2: Excludes data from associated companies and jointly controlled entities

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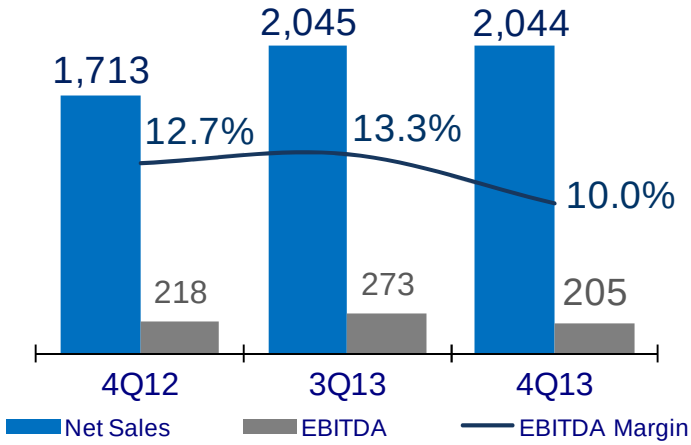
Performance Gerdau 4Q13 x 4Q12 – Special Steel BO[1]

Shipments: +17.9%	• Higher volumes in all units. • Contribution of shipments from India.
Net sales: +19.3%	• Higher shipments in all units.
Costs: +25.1%	• Higher shipments in all units. • Learning curve from the operation in India.

SHIPMENTS ('000 tonnes)



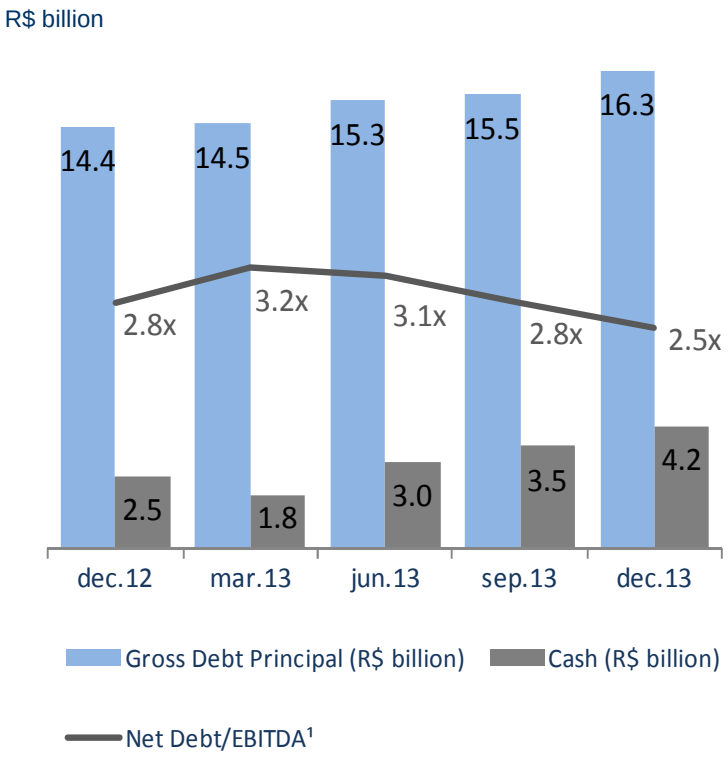
NET SALES, EBITDA (R$ million) & EBITDA Margin (%)



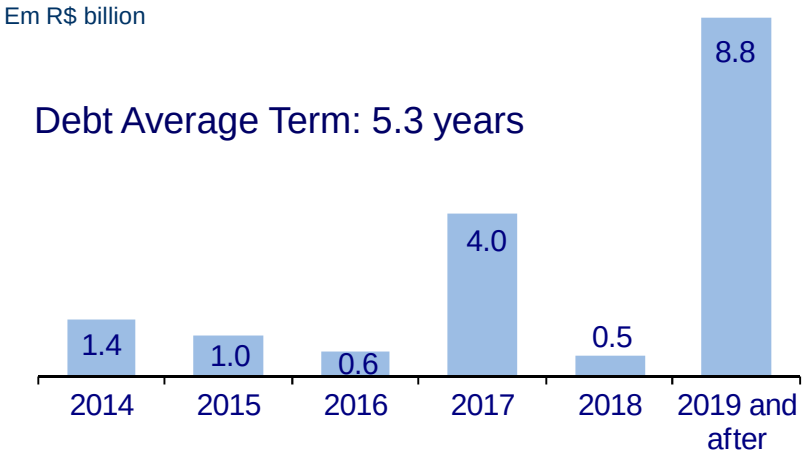
Note 1: Includes all Special Steel operations in Brazil, Spain, USA and India.

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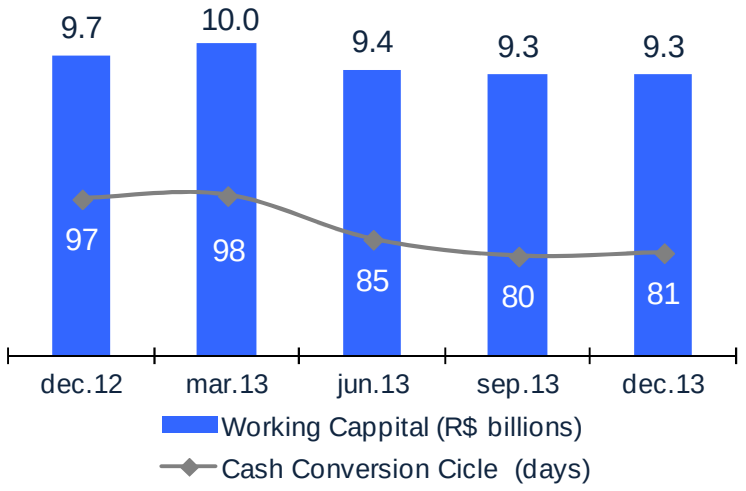
Indebtedness and Liquidity



AMORTIZATION SCHEDULE



WORKING CAPITAL AND CASH CONVERSION CICLE



COST OF DEBT: 6.5%

Local Currency: 8.6%

Foreing Currency: 5.9% + FX

Companies Abroad: 6.1 %

(1) EBITDA in last 12 months.

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Statement

This presentation may contain forward-looking statements. These forward-looking statements rely upon estimates, information or methods that may be incorrect or inaccurate and may not actually occur. These estimates are also subject to risks, uncertainties and assumptions, including, among others: general economic, political and commercial conditions in Brazil and in the markets where we operate and existing and future government regulations. Potential investors are hereby informed that these estimates do not constitute a guarantee of future performance as they involve risks and uncertainties. The Company does not undertake, and specifically denies, any obligation to update any estimate, which only speak as of the date they are made.

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