



EARNINGS RELEASE – 1st Quarter



Gustavo Werneck – President & Chief Executive Officer

Harley Scardoelli – Chief Financial Officer



GERDAU



Highlights

1ST QUARTER 2019

EBITDA: R\$ 1.6 billion
+ 5%

EBITDA margin: 15.5%
+ 1.2 p.p.

Net income: R\$ 453 million

Reduction in SG&A expenses
3.7% of net sales

Net debt/EBITDA ratio
1.8x

Performance of North America Division

EBITDA: R\$ 506 million (+104%)

EBITDA margin: 13.2%

Record metal spread



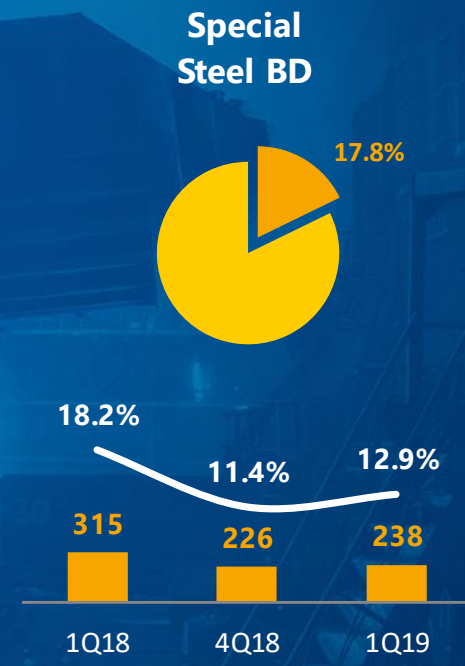
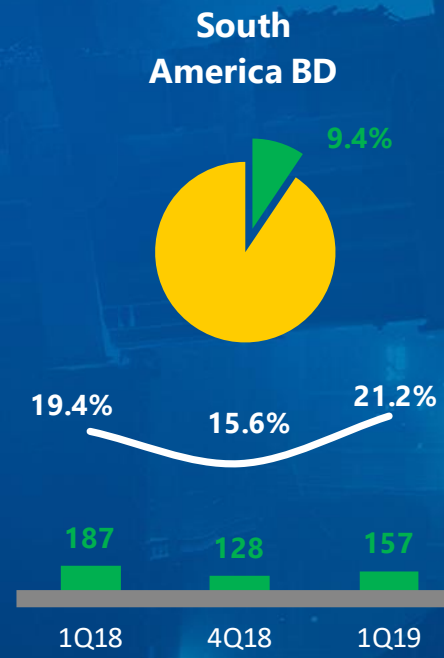
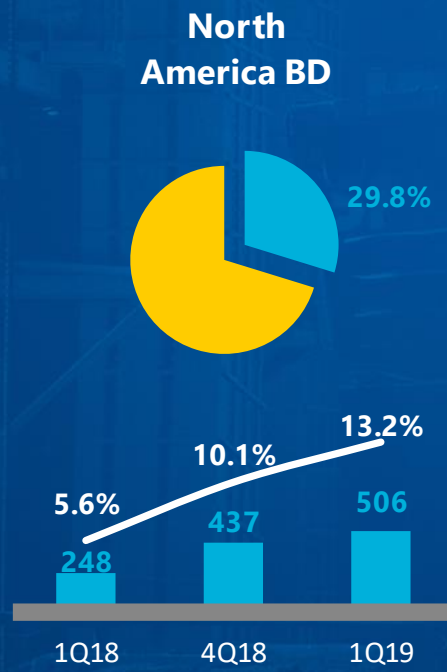
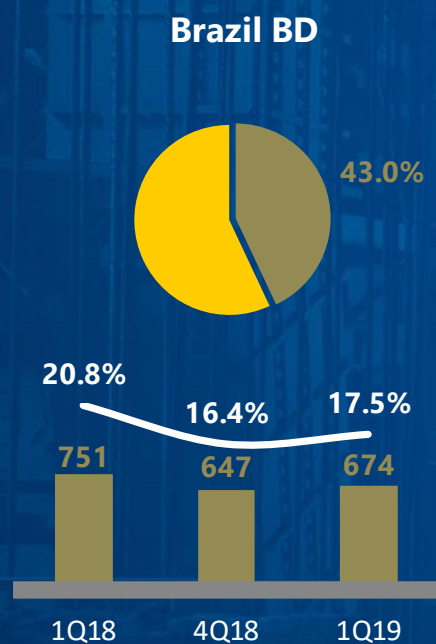
Financial Results

Gerdau S.A. Consolidated – IFRS

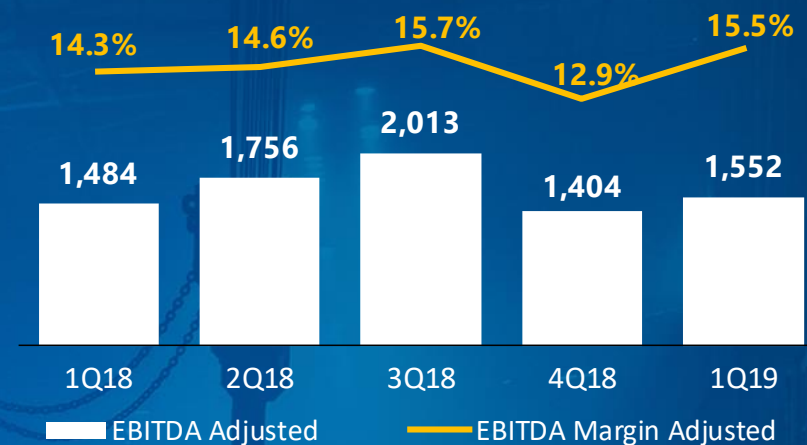


EBITDA

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



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



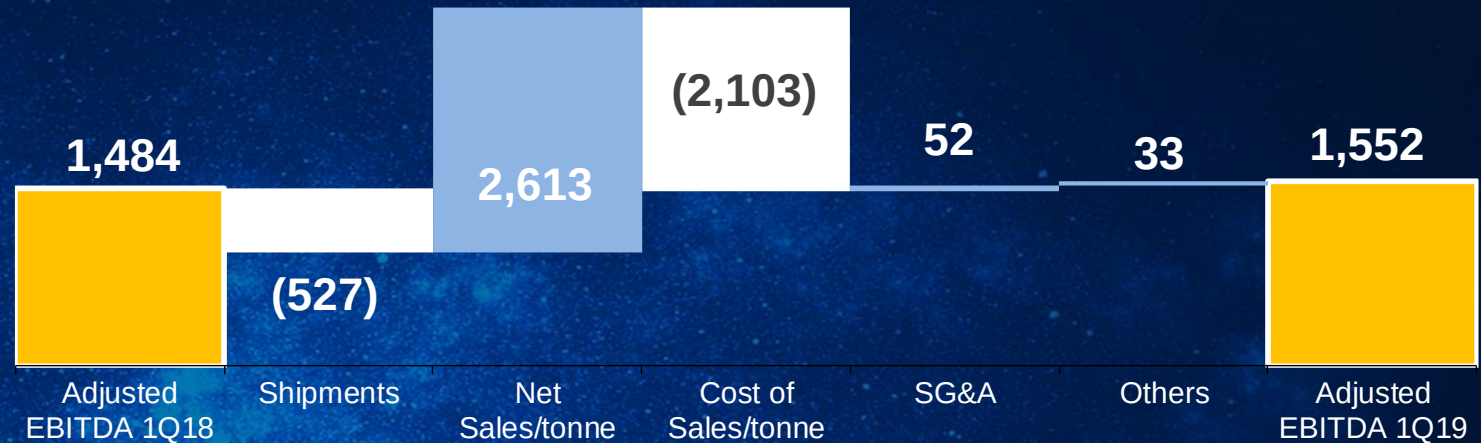
EBITDA (R\$ million)

EBITDA Margin (%)

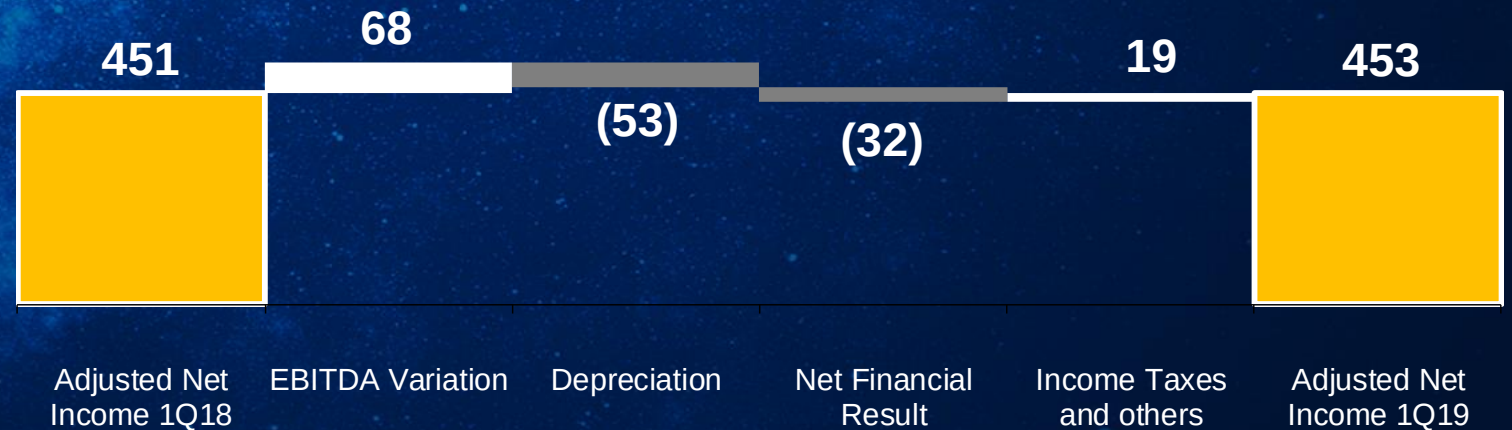
Participation of Adjusted EBITDA per BD (last 12 months)

Increase in net sales per tonne sold provides **better EBITDA**

Evolution of adjusted EBITDA - R\$ million



Evolution of adjusted net income – R\$ million





Indebtedness

LONGER DEBT MATURITY PROFILE

Average debt cost

6.5%

Average debt term

7.2 years

Financial Policy:

Net Debt/EBITDA

1x – 1.5x

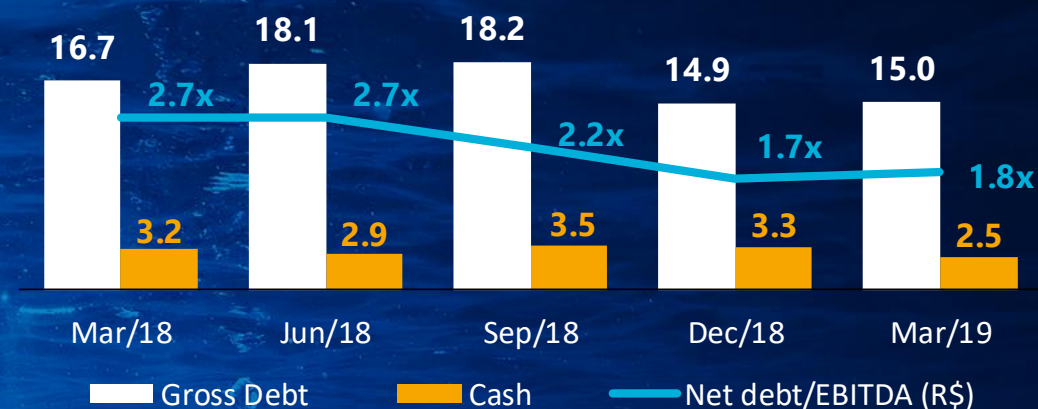
Average debt term

> 6 years

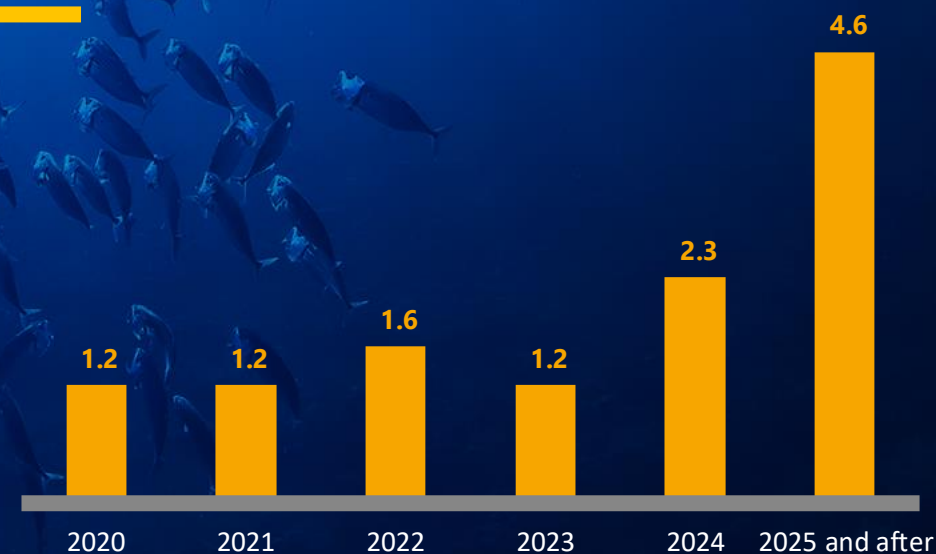
Maximum gross debt

R\$ 12 bi

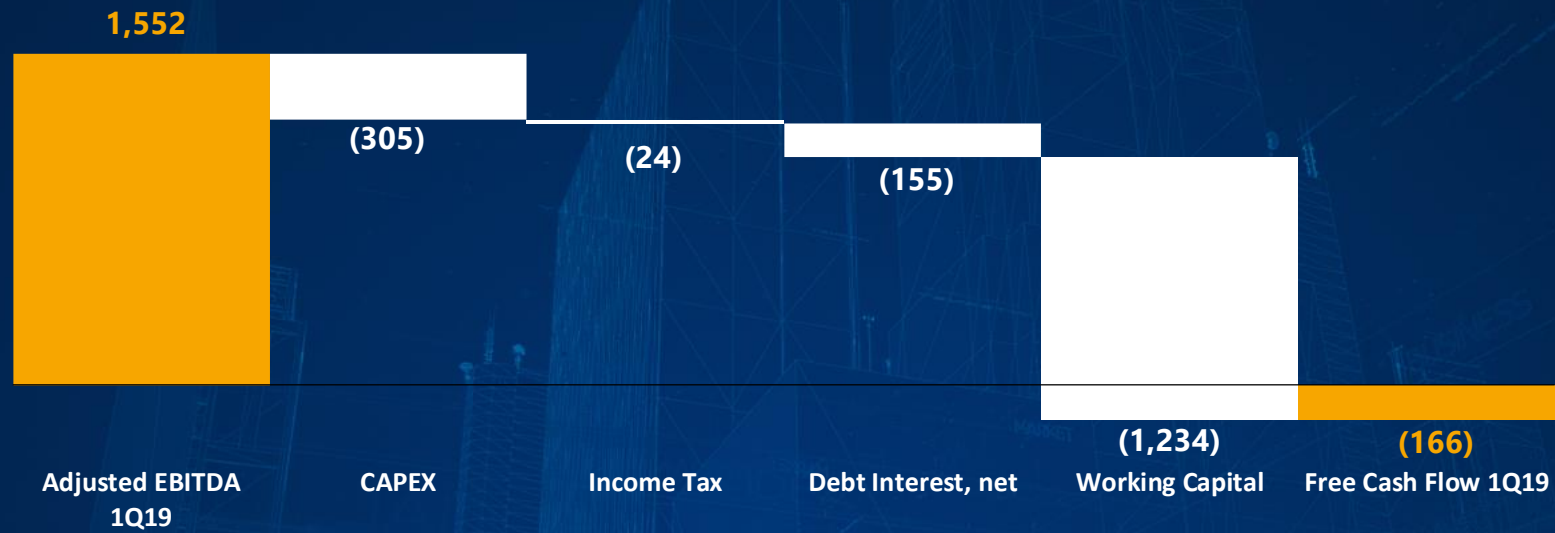
Debt and Leverage Ratio - R\$ billion



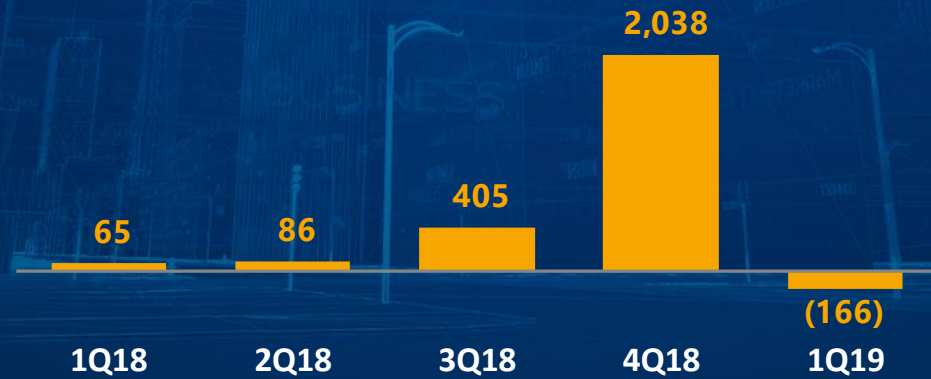
Debt Amortization Schedule



Evolution of free cash flow R\$ million



Free Cash Flow 1Q19





Outlook 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, with growth of 1% (Worldsteel)

Brazil

- Economy expected to gradually recover
 - Construction retail maintains good performance
 - Construction and industrial industries should stage recovery in second half of 2019

North America

- U.S. economy should continue to grow
 - Expectation of recovery in the construction industry
 - Continuation of Section 232

Special Steel

- Reaction expected in Brazil's auto industry in second half of 2019
- Production of trucks, agricultural machinery and construction equipment should continue to grow in USA

South America

- Highlights are Peruvian and Colombian economies

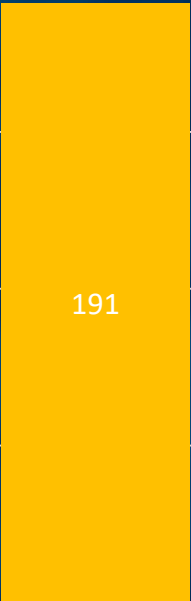


Investments

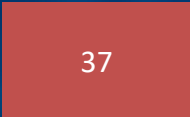
1st Quarter 2019

CAPEX

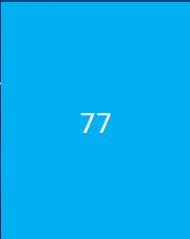
(R\$ million)



191



37



77

■ General maintenance ■ Ouro Branco maintenance ■ Expansion and technological update

CAPACITY INCREASE	LOCATION	VALUE (R\$ million)	ADDITIONAL CAPACITY (1,000 TONNES)	START-UP DATE
Beams and Merchant bar	North America	456	530	2021
SBQ	Pindamonhangaba-SP	532	400	2020
HRC	Ouro Branco-MG	380	230	2021
SBQ	Monroe-Michigan	266	160	2020





Safety

Creating value for costumers

Operational profitability

Free cash flow

Digital transformation



SAVE THE DATE

2Q19 earnings release:
August, 07, 2019

