Earnings Conference Call – 1Q2009
Gerdau S.A. Consolidated – IFRS

André Gerdau Johannpeter
President and CEO

Osvaldo B. Schirmer
CFO and IR Director

May 7th, 2009

Gerdau – Highlights
1Q09 x 4Q08

	Units	1Q09	4Q08
OUTPUT	Thousand tonnes	2,539	3,264
SHIPMENTS	Thousand tonnes	3,061	3,506
REVENUES	R$ million	6,968	9,420
EBITDA	R$ million	599	1,452
NET INCOME	R$ million	35	311
INVESTIMENTS	US$ million	242	

Steel Market

1Q09 x 4Q08

- ✓ **Global steel output down 10.3% to 264 million tonnes**
- ✓ **China was one of the countries to register positive growth in steel production in 1Q09: output of 127 million tonnes (+14.7%). The country's share of world steel production climbed from 38% in 4Q08 to 48% in 1Q09**

OUTLOOK

- ✓ **Apparent steel consumption should decrease in 15% this year, with moderate recover in 2010, according to Worldsteel**
- ✓ **The sector improvement in the second semester rely on government stimulus, financial market stabilization and confidence return**

Source: Worldsteel

Gerdau – 1Q09 x 4Q08 Performance
Brazil

- ✓ **Economic activity reduced in the 1Q09**
- ✓ **Crude steel output: 5.0 million tonnes, down 27.5%**
- ✓ **Apparent consumption of rolled long steel: 1.6 million tonnes, down 25.0%**
- ✓ **Gerdau shipments reached 1.1 million tonnes**

OUTLOOK

- ✓ **Expectation of gradual economic recovery over the course of the year**
- ✓ **Stimulus package initiatives announced by the government should support a recovery in steel demand**

Source: Brazilian Steel Making Institute (IBS)

Gerdau – 1Q09 x 4Q08 Performance

Specialty Steel

- ✓ **Brazil: vehicle production up 11.6%**
- ✓ **USA: automotive and light truck production down 36.2%**
- ✓ **Europe: vehicle shipments reduction**
- ✓ **Gerdau shipments reached 398 thousand tonnes**

OUTLOOK

- ✓ **Performance of the auto industry should continue to be benefited by government stimulus measures**
- ✓ **Strategy: market diversification (energy, naval and infrastructure segments)**

Source: ILAFA, Anfavea, World automotive industry news, Data and Statistics, European Automobile Manufactures Association

Gerdau – 1Q09 x 4Q08 Performance

North America

- ✓ **Lower demand and adjustments to production**
- ✓ **U.S. and Canada steel production of 14.0 million tonnes, down 22.4%**
- ✓ **Gerdau shipments of 1.1 million tonnes**

OUTLOOK

- ✓ **Region recovery rely on stimulus package by North American government to the financial system and economy as a whole**
- ✓ **Infrastructure and transportation shares of the stimulus packages should be felt in the second semester of 2009**

Source: Worldsteel

Gerdau – 1Q09 x 4Q08 Performance

Latin America (excluding Brazil)

- ✓ **Economy slowdown in the beginning of 2009: lower exports and moderate growth in domestic market**
- ✓ **Crude steel production of 5.1 million tonnes, down 26.1%**
- ✓ **Gerdau shipments of 487 thousand tonnes**

OUTLOOK

- ✓ **Estimates point to a recovery in economic activity over the course of 2009**
- ✓ **Programs to support investments in infrastructure should encourage a recovery in steel demand**

Source: Ilafa

Conclusion

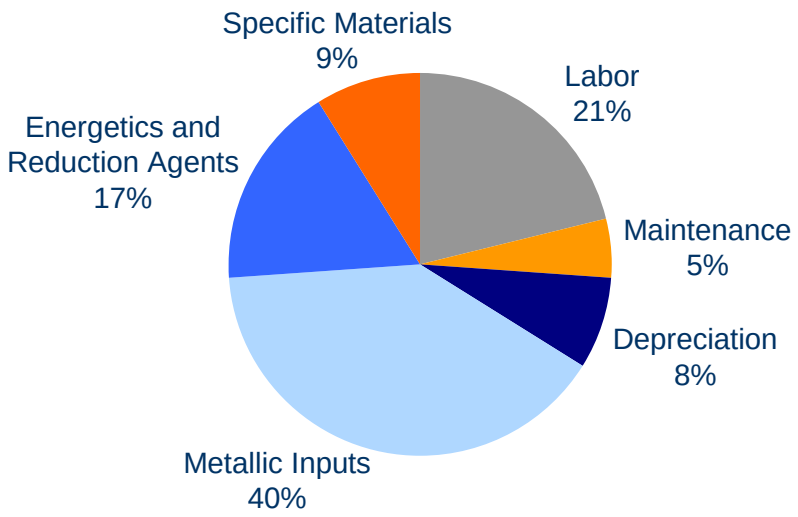
- ✓ **Continued adjustment of operations to the new scenario**
- ✓ **Efficient costumer support**
- ✓ **Focus on cash generation and liquidity maintenance**
- ✓ **Experience in crisis scenarios**
- ✓ **Production process flexibility (mini-mill)**
- ✓ **Market indicators continuous monitoring**

Reduction in Production Costs

Variation % - 1Q09 / 4Q08	TOTAL GERDAU
Fix Costs ex-depreciation	-25%
Depreciation	-14%
Varialble Costs	-30%
Total	-28%

Approximately R$ 400 million

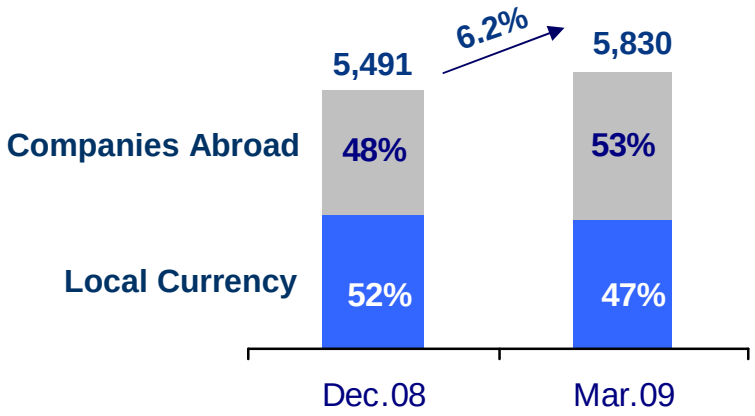
1Q09 Costs Breakdown



Liquidity

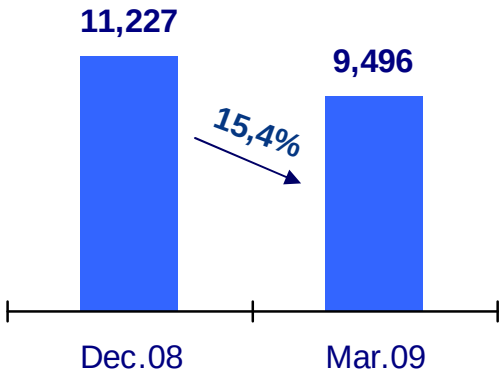
Cash Position

In R$ million



Working Capital

In R$ million



- ✓**Investments Reduction**
- ✓**Availability of credit lines**
- ✓**Sizable capital injections in 2008**

Indebtedness and Ratios

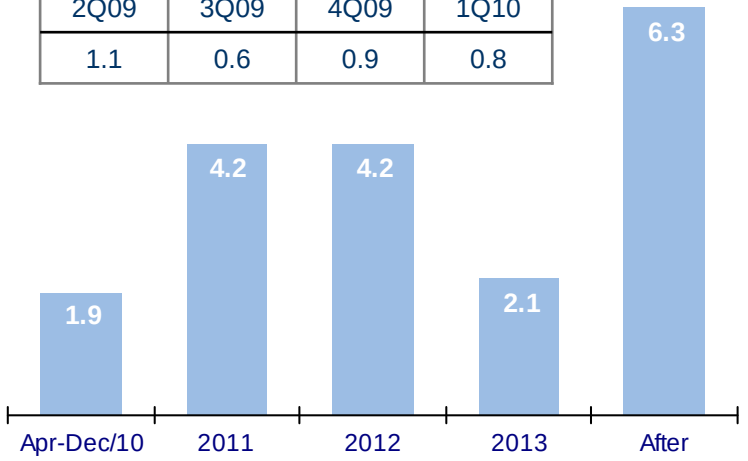
In R$ million

	Mar. 09
Local Currency	3,369
Foreign Currency	7,757
Companies Abroad	11,023
GROSS DEBT	22,149
Financial Investments	5,830
NET DEBT	16,319

Debt Average Term: 6 years

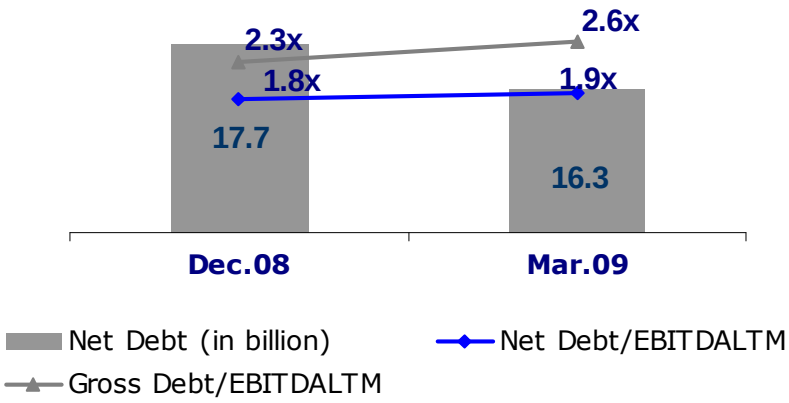
DEBT MATURITY

2Q09	3Q09	4Q09	1Q10
1.1	0.6	0.9	0.8



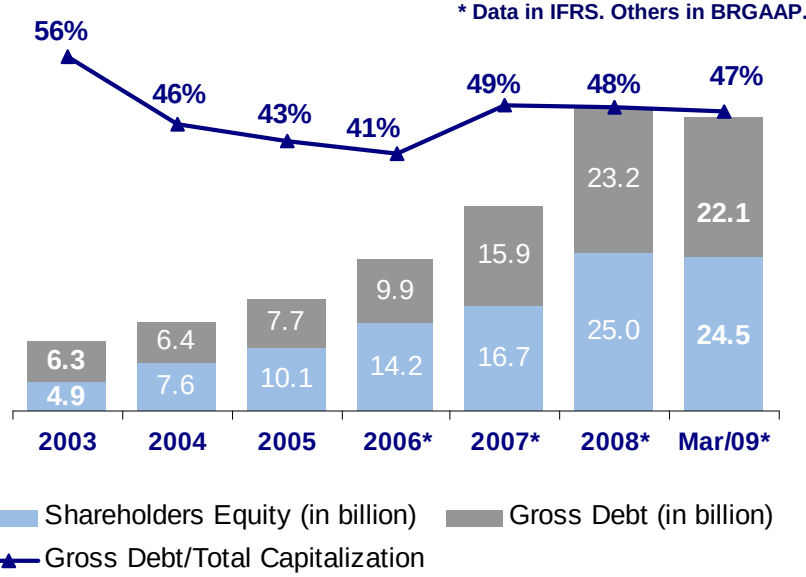
DEBT/EBITDA

LTM EBITDA: Last 12 months EBITDA



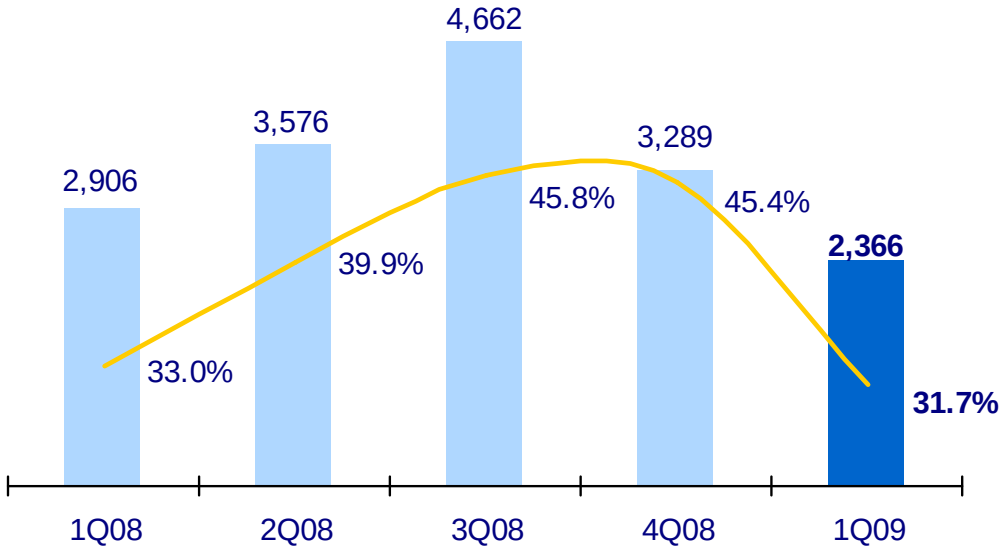
GROSS DEBT / TOTAL CAPITALIZATION

* Data in IFRS. Others in BRGAAP.

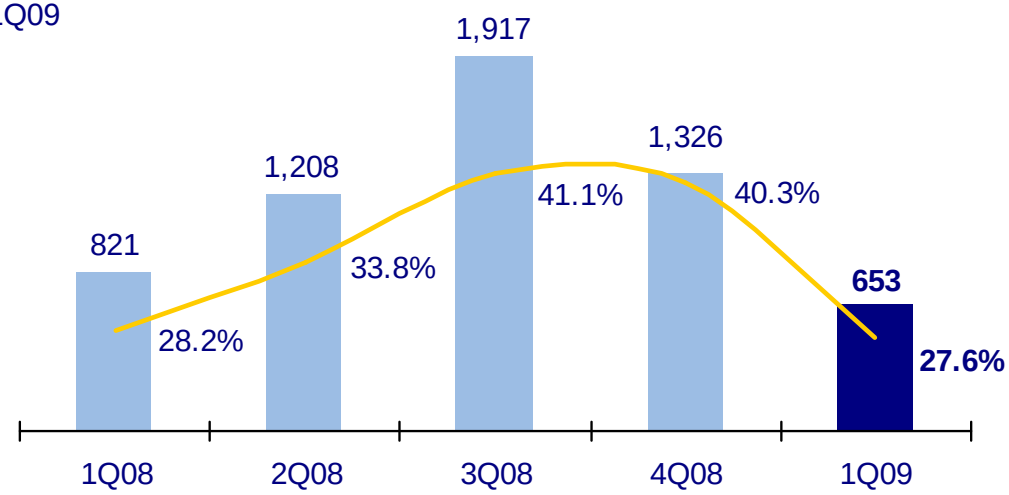


Gerdau Performance – Brazil[1]

NET SALES (R$ MILLION) & GROSS MARGIN (%)



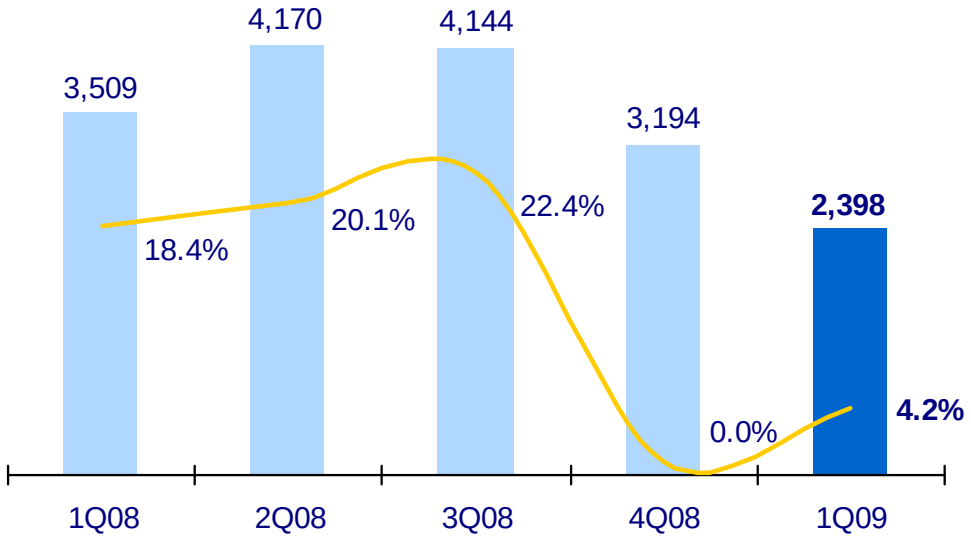
EBITDA (R$ MILLION) & EBITDA MARGIN (%)



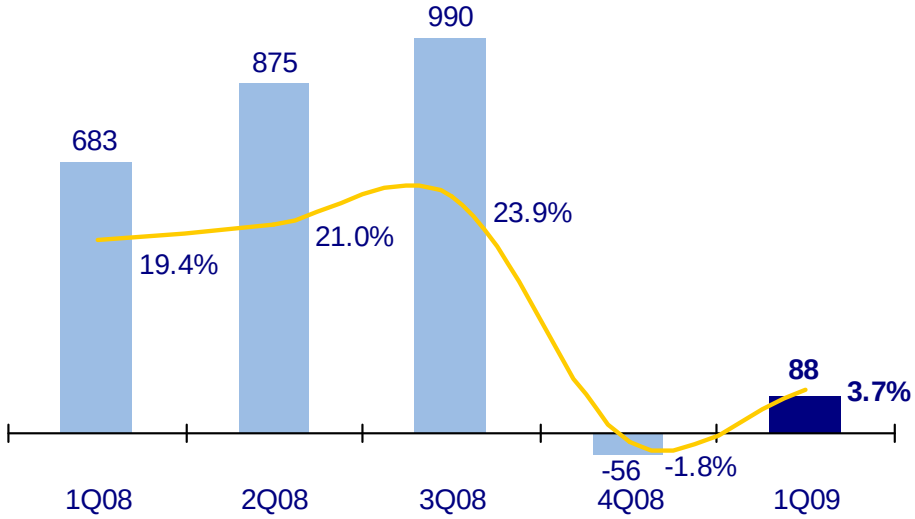
Note[1]: Does not include specialty steel operations

Gerdau Performance – North America[1]

NET SALES[2] (R$ MILLION) & GROSS MARGIN (%)



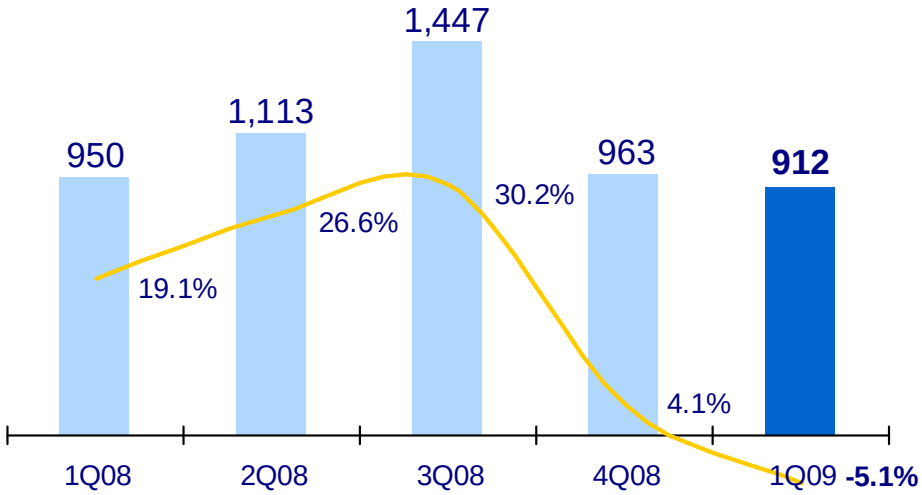
EBITDA (R$ MILLION) & EBITDA MARGIN (%)



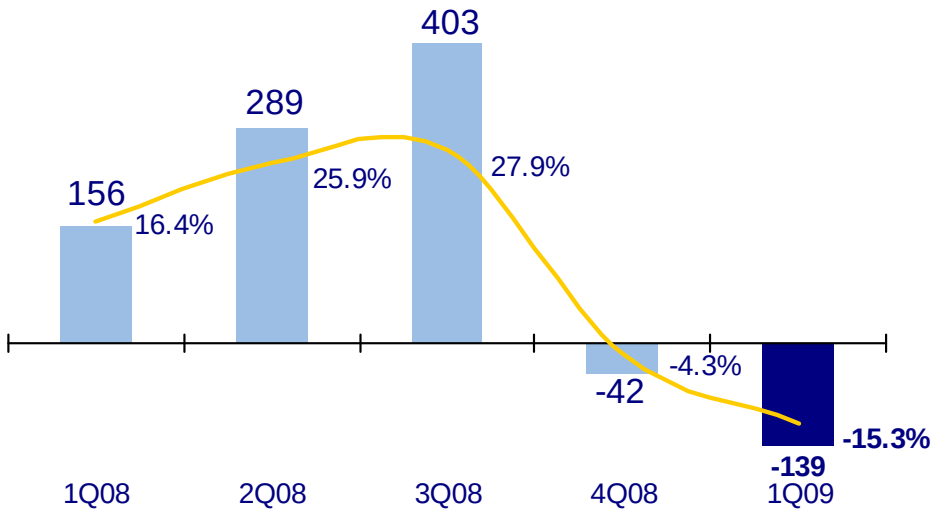
Note[1]: Does not include Mexico and MacSteel
Note[2]: Information above does not include data from associated companies and joint ventures

Gerdau Performance – Latin America[1]

NET SALES[2] (R$ MILLION) & GROSS MARGIN (%)



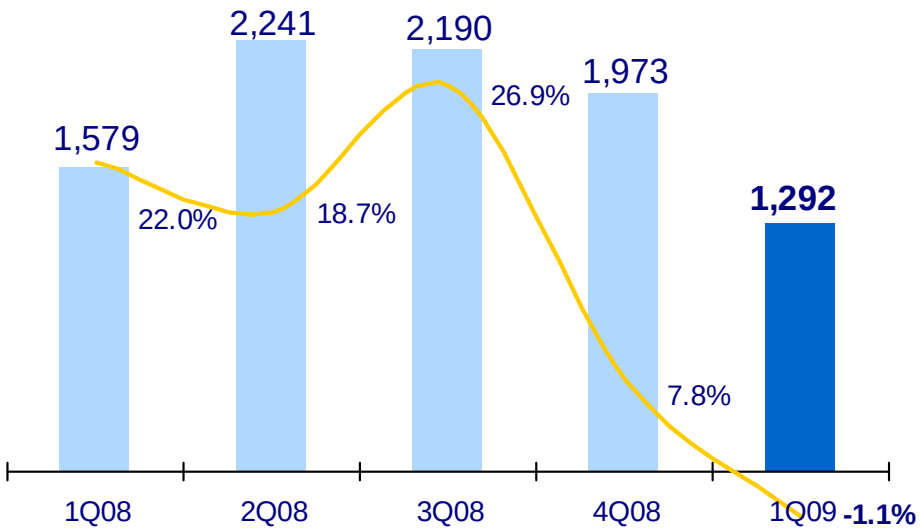
EBITDA (R$ MILLION) & EBITDA MARGIN (%)



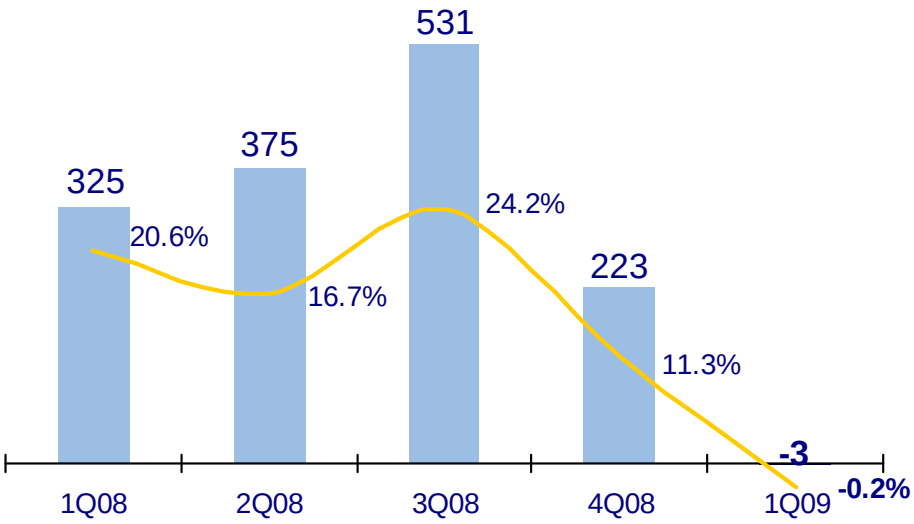
Nota[1]: Does not include Brazil
Nota[2]: Information above does not include data from associated companies and joint ventures

Gerdau Performance – Specialty Steel

NET SALES (R$ MILLION)
& GROSS MARGIN (%)



EBITDA (R$ MILLION) &
EBITDA MARGIN (%)

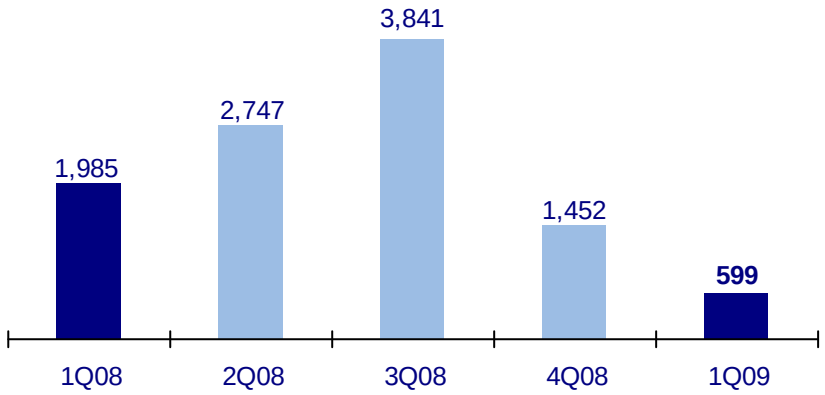


Gerdau – Consolidated Financials

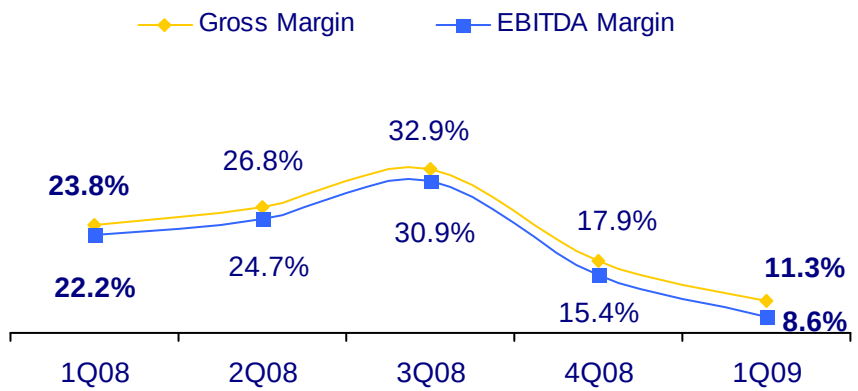
In R$ million	1Q09	4Q08
NET SALES	6,968	9,420
Cost of Sales	6,178	7,734
Gross profit	790	1,686
Sales, General and Administrative Expenses	(647)	(760)
Other operating income (expenses)	47	9
Operating profit	190	936
Equity in earnings of unconsolidated companies	(65)	(115)
Net financial results	(178)	(952)
Provision for income tax	88	443
NET INCOME	35	311

EBITDA

In R$ million



MARGINS



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.

Contact information: +55 (51) 3323 2703
inform@gerdau.com.br
www.gerdau.com.br/ing