# 1Q13 Conference Call
# Gerdau S.A. Consolidated – IFRS

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# Industry Overview

- ✓ World steel production of 389 billion tonnes in 1Q13, growing 2% from 1Q12;
  - ✓ Brazil: production of 8.3 million tonnes, down 5%;
  - ✓ Latin America (ex-Brazil): production of 6.4 million tonnes, down 18%;
  - ✓ United States: production of 21 million tonnes, down 8%.
- ✓ World Outlook:
  - ✓ World GDP growth forecast at 3.3%;
  - ✓ Steel consumption projected to grow 3.0% to 1.45 billion tonnes.

Note: Comparisons of 1Q13 vs. 1Q12.

Source: worldsteel, IABr and Alacero.

# Gerdau – Highlights

| | Unit | 1Q13 | 1Q12 | Δ% | 4Q12 | Δ% |
|---|---|---|---|---|---|---|
| SHIPMENTS | Million tonnes | 4.6 | 4.7 | -2% | 4.3 | 6% |
| CRUDE STEEL PRODUCTION | Million tonnes | 4.4 | 4.9 | -10% | 4.2 | 5% |
| NET SALES | R$ million | 9,166 | 9,199 | 0% | 8,988 | 2% |
| EBITDA | R$ million | 805 | 1,008 | -20% | 891 | -10% |
| NET INCOME | R$ million | 160 | 397 | -60% | 143 | 12% |
| CAPEX | R$ million | 571 | 691 | | 683 | |



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# 2013 Outlook

## BRAZIL

- ✓ Economy: GDP growth forecast at 3.0%;
- ✓ Steel Consumption: growth of 4.0% from the prior year to 26.2 million tonnes;
- ✓ Construction Industry: growth of 1.8% in the industry's GDP;
- ✓ Manufacturing Industry: industrial GDP estimated to grow 2.3%.

Source: worldsteel, IMF, Market Readout and Instituto Aço Brasil.

# 2013 Outlook

## NORTH AMERICA

- ✓ Gradual economic recovery, driving demand for our products;
- ✓ Forecast for U.S. GDP growth: 1.9%;
- ✓ U.S. steel consumption: growth of 2.7% to 99.3 million tonnes;

## LATIN AMERICA

- ✓ Healthy economic growth in the region: GDP in certain countries expected to grow 4% to 6%, driven by mining, civil construction and infrastructure sectors;
- ✓ Steel Consumption: increase of 6.0% to 44.5 million tonnes.

Source: worldsteel, IMF and Alacero.



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# 2013 Outlook

## SPECIAL STEEL

BRAZIL:

✓ Expectation of continued growth in the production of cars, trucks and agricultural machinery.

NORTH AMERICA:

✓ Outlook for auto industry remains positive.

EUROPE:

✓ Shipments projected to decline due to the region's slower economic growth.

INDIA:

✓ Market should continue to expand, though at a more moderate pace than in previous years.

Source: ANFAVEA and SIAM

# Closing Remarks

✓ Industry's challenge: excess installed capacity worldwide causing pressure on margins and higher volatility in raw material costs;

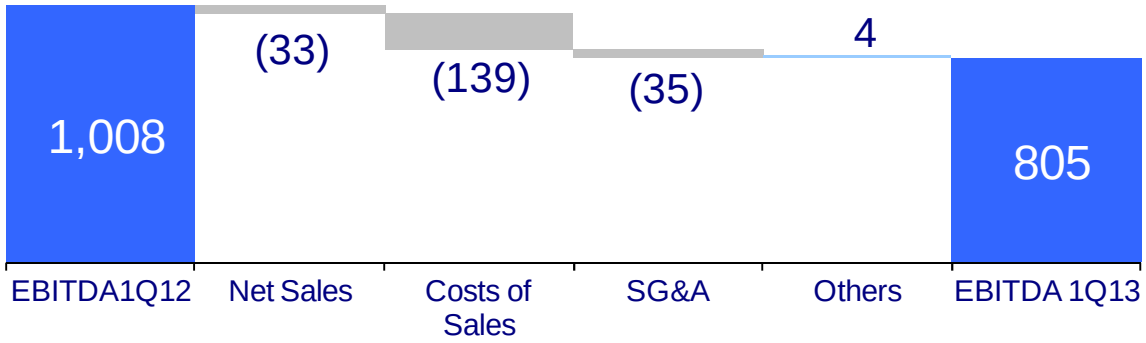
✓ Positive outlook: stronger demand in the markets where Gerdau operates;

✓ Continuous effort to increase our operating efficiency, reduce our working capital and prudently manage our investment disbursement schedule.

# Performance of Gerdau 1Q13 x 1Q12 – Consolidated

In R$ million

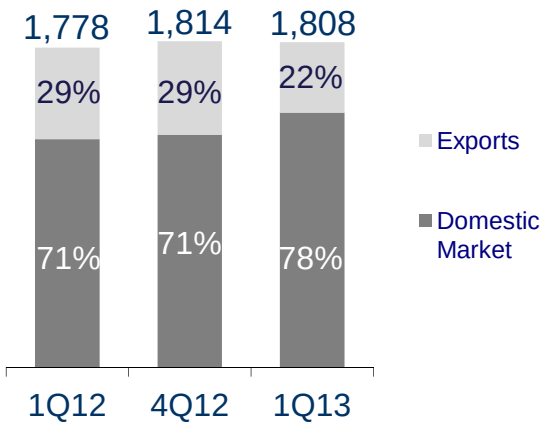
| | 1Q13 | 1Q12 | Δ 1Q13/1Q12 | 4Q12 | Δ 1Q13/4Q12 |
|---|---|---|---|---|---|
| NET SALES | 9,166 | 9,199 | 0% | 8,988 | 2% |
| Costs of Sales | (8,257) | (8,092) | 2% | (7,969) | 4% |
| SG&A | (634) | (599) | 6% | (607) | 4% |
| Other operating income and expenses | 49 | 31 | 58% | 19 | 158% |
| Equity in earnings of unconsolidated companies | 17 | 31 | -45% | (6) | - |
| Financial result, net | (192) | (97) | 98% | (222) | -14% |
| Income and Social Contribution taxes | 11 | (76) | - | (60) | - |
| NET INCOME | 160 | 397 | -60% | 143 | 12% |
| EBITDA | 805 | 1,008 | -20% | 891 | -10% |
| EBITDA Margin | 9% | 11% | - | 10% | - |
| SHIPMENTS (thousand tonnes) | 4,555 | 4,725 | -4% | 4,317 | 6% |



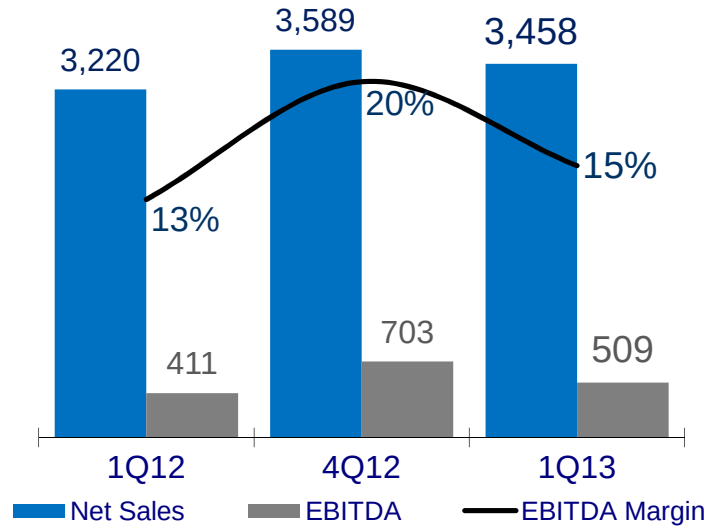
# Performance Gerdau 1Q13 vs. 1Q12 – Brazil BO

| | |
|---|---|
| Shipments: +2% | • Stronger domestic demand (+12%).<br>• Lower exports (-23%). |
| Net Sales: +7% | • Domestic market (+14%): higher shipments.<br>• Export market (-28%): lower shipments. |
| Costs: +5% | • Maintenance stoppages. |

SHIPMENTS ('000 tonnes)




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




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

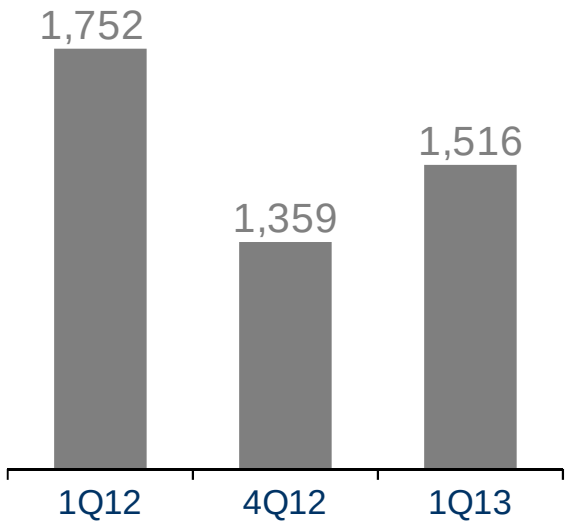


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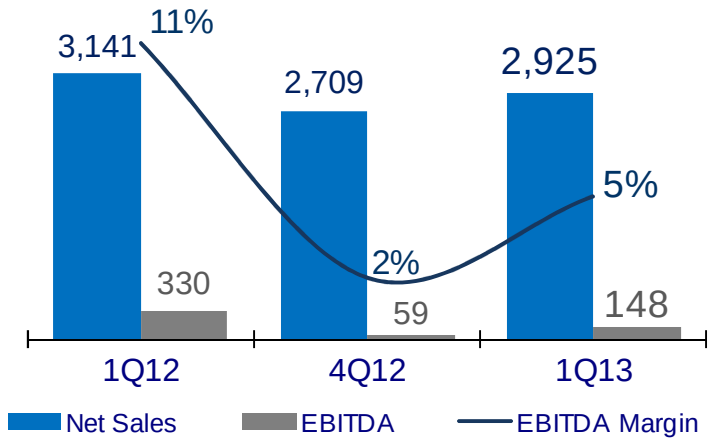
# Performance Gerdau 1Q13 vs. 1Q12 – North America BO[1]

| | |
|---|---|
| Shipments: -13% | • More severe winter and implementation of new management software. |
| Net Sales: -7% | • Lower shipments, partially offset by higher net sales per tonne shipped. |
| Costs: -2% | • Lower dilution of fixed costs. |

SHIPMENTS[2] ('000 tonnes)




NET SALES[2], EBITDA (R$ millions) & 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.

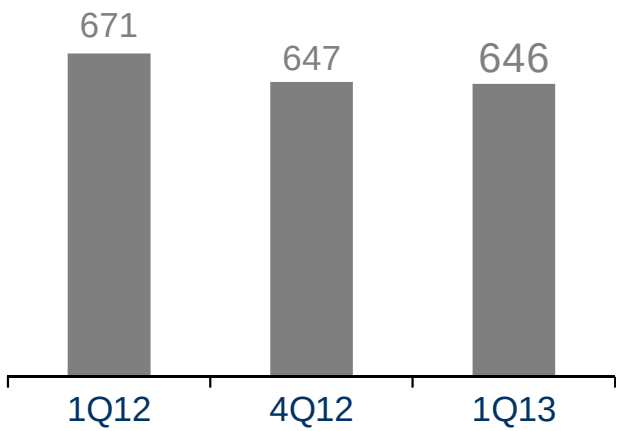


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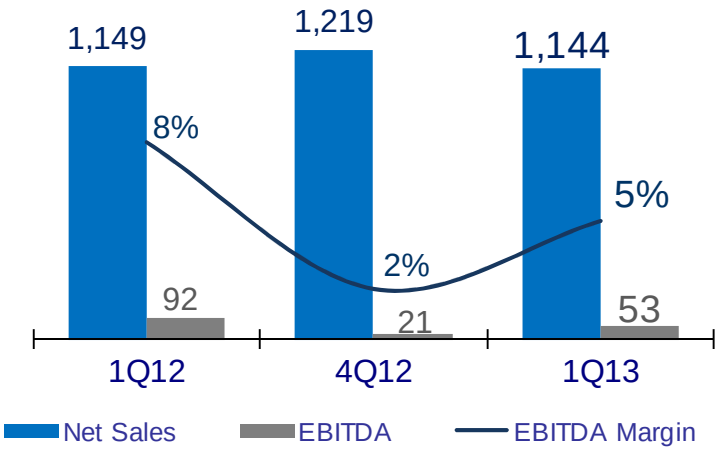
# Performance Gerdau 1Q13 vs. 1Q12 – Latin America BO

| | |
|---|---|
| Shipments: -4% | • Lower shipments due to higher imports. |
| Net Sales: 0% | • Higher net sales per tonne shipped offset the lower shipments. |
| Costs: +1% | • Lower dilution of fixed costs. |

SHIPMENTS[2] ('000 tonnes)




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



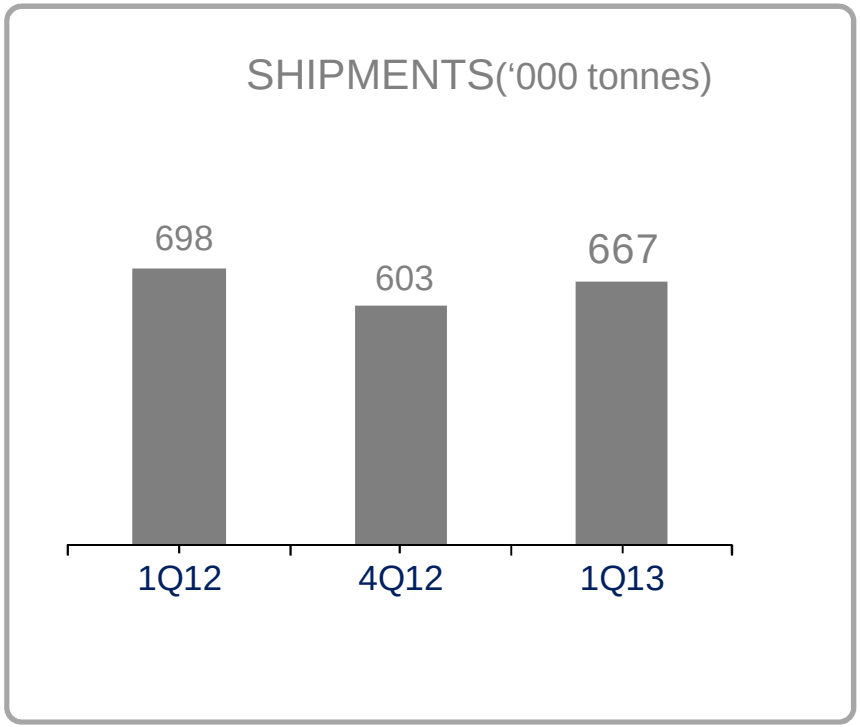

Note 1: Includes all operations in Latin American, except Brazilian operations and Colombian metallurgical coal and coke operation.
Note 2: Excludes data from associated companies and jointly controlled entities

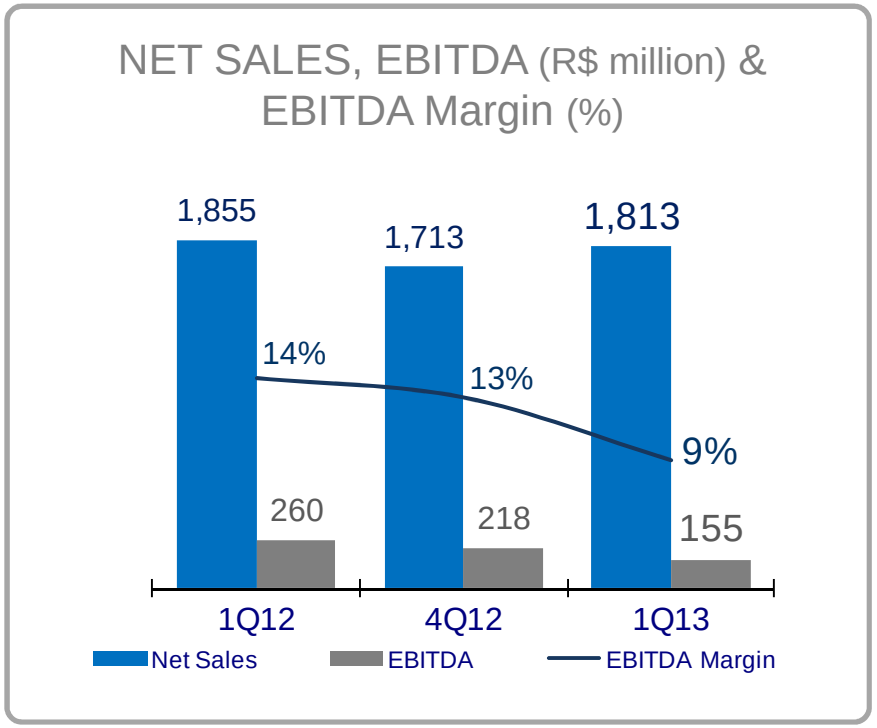


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# Performance Gerdau 1Q13 vs. 1Q12 – Special Steel BO[1]

| | |
|---|---|
| Shipments: -4% | • Lower shipments in Spain and United States. |
| Net Sales: -2% | • Lower shipments, though with higher net sales per tonne shipped. |
| Costs: +5% | • Lower dilution of fixed costs and consolidation of India. |



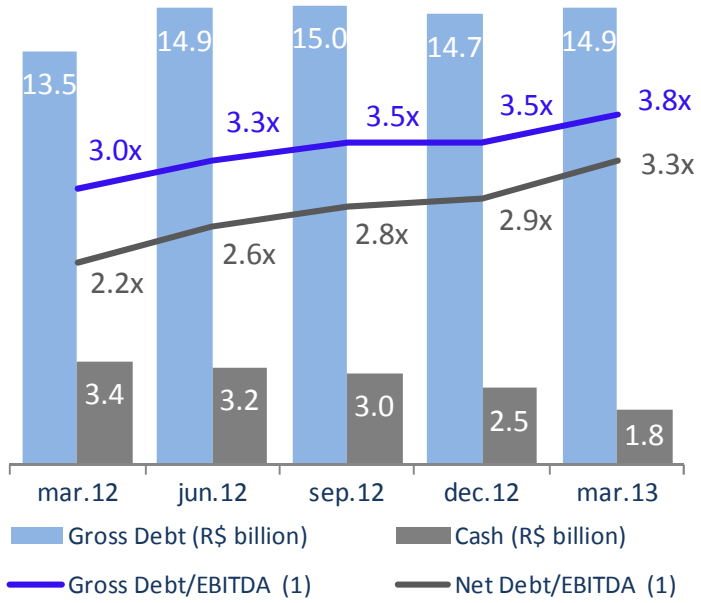




Note 1: Includes all Special Steel operations in Brazil, Spain, USA and India.

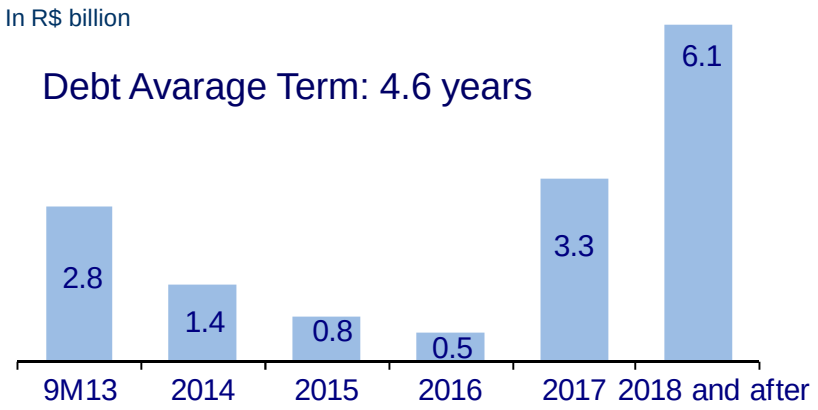


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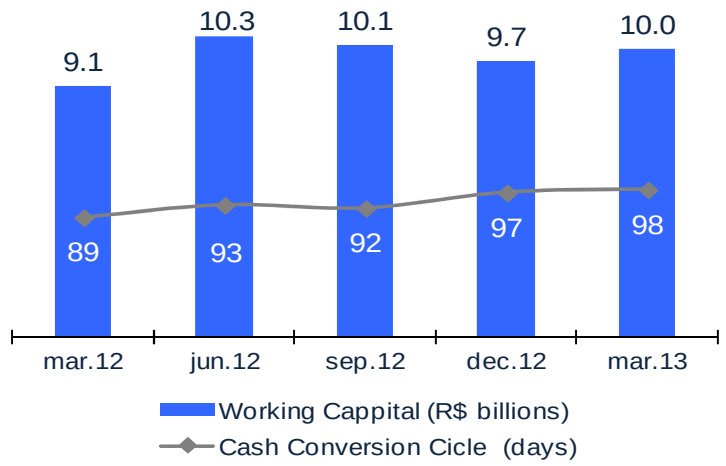
# Indebtedness and Liquidity




## AMORTIZATION SCHEDULE




## WORKING CAPITAL AND CASH CONVERSION CICLE




## COST OF DEBT: 5.9%

Local Currency: 7.4%

Foreing Currency: 5.5% + VC

Companies Abroad: 5.8%

(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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