1Q15 Conference Call

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Gerdau is providing steel for the Wilshire Grand construction in Los Angeles center. With 73 floors, will be the tallest building in the western US and will be completed in late 2016.

Steel industry faces challenges in 2015

- Global overcapacity continues to affect industry profitability.
- Global steel consumption expected to grow by only 0.5% in the year:
  - Economic slowdown in China
  - Stable demand in the United States after last year's strong consumption
  - Economic slowdown in Russia and Brazil
  - Gradual economic recovery in the European Union
- Strong steel imports, particularly in the United States and Latin America.
- Outlook for 7.8% decrease in steel consumption in Brazil compared to 2014.
- In special steels, moderate demand growth in USA and growth in European and Indian markets. Meanwhile, Brazil's automotive industry continues to face falling sales and production volumes.

Global steel industry facing overcapacity and strong pressure on operating margins

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Net Sales stable at R$10.4 billion in 1Q15

- Gerdau's first-quarter net sales of R$10.4 billion were stable compared to the same period last year.
- Operational cash generation (EBITDA) of R$1.1 billion, down 9% year over year, mainly due to weaker demand in Brazil's domestic market.
- Net income fell to R$267 million, from R$440 million in the first quarter of 2014.

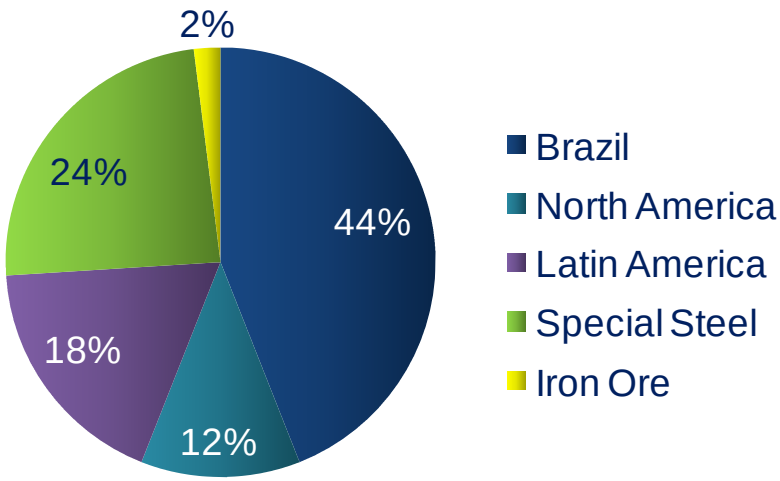
	Unit	1Q15	1Q14	Δ%	4Q14	Δ%
SHIPMENTS	Thousand tonnes	4,143	4,387	-5.6%	4,399	-5.8%
NET SALES	R$ million	10,447	10,554	-1.0%	10,843	-3.7%
SG&A	R$ million	(660)	(707)	-6.6%	(681)	-3.1%
EBITDA*	R$ million	1,089	1,196	-8.9%	1,238	-12.0%
EBITDA MARGIN	%	10.4%	11.3%		11.4%	
NET INCOME	R$ million	267	440	-39.3%	393	-32.1%

Strategy of geographic diversification and efforts by the Company's management minimized the impact of weaker global demand for steel

* EBITDA adjusted in 4Q14 for impairment of assets and gains in joint venture operations.

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Investment totals R$612 million in 2015



Main projects

- Installation of a heavy plates rolling mill at the Ouro Branco mill in Minas Gerais
- Construction of a new melt shop in Argentina
- Construction of a new special steel rolling mill and finishing line at the rolling mill in Monroe (USA)

Disbursement for investment plan (CAPEX) for 2015 of R$1.9 billion

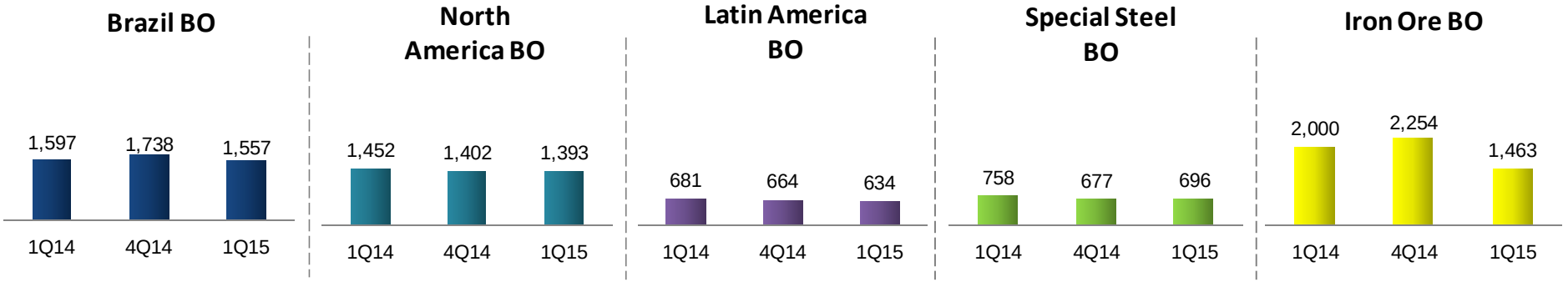
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Financial Result

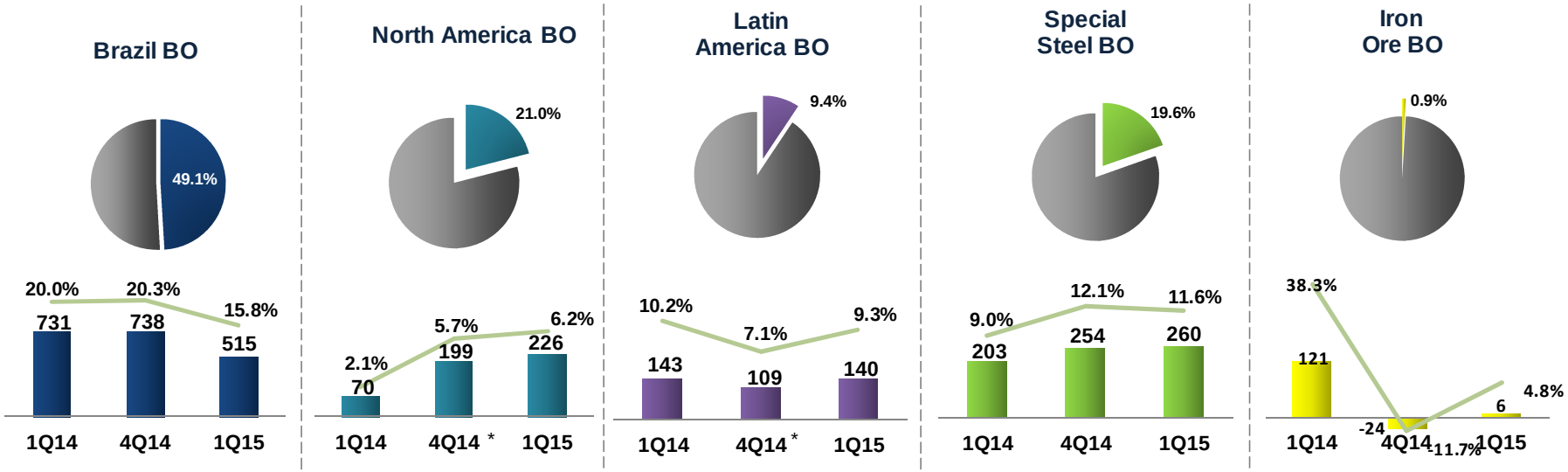
Gerdau S.A. Consolidated – IFRS

Geographic diversification reduces volatility in results

Shipments ('000 ton)



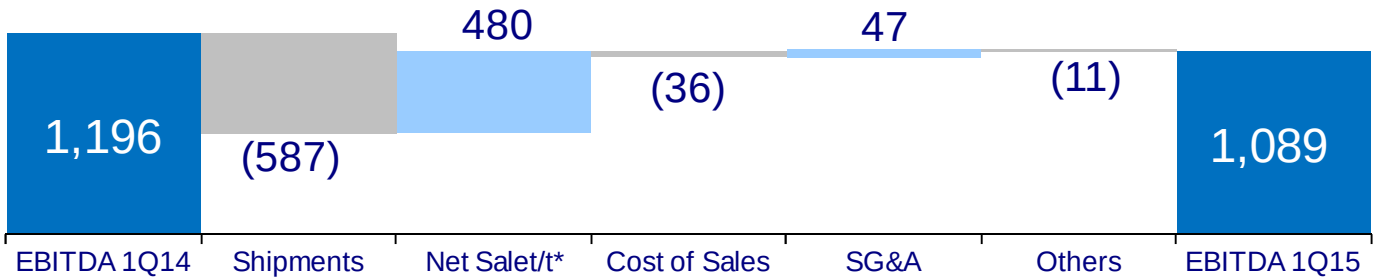
EBITDA and EBITDA margin per BO



* Adjusted BITDA and adjusted EBITDA margin

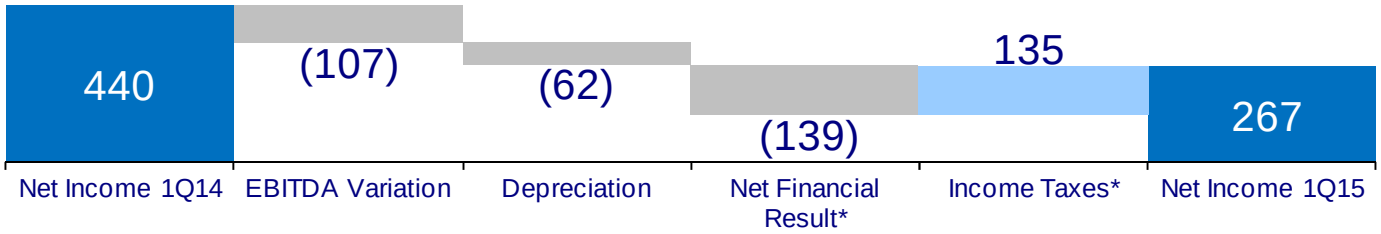
Lower steel shipments impacted results in 1Q15

Evolution of EBITDA (R$ millions)



* Includes Net Sales from Iron Ore

Evolution of Net Income (R$ millions)



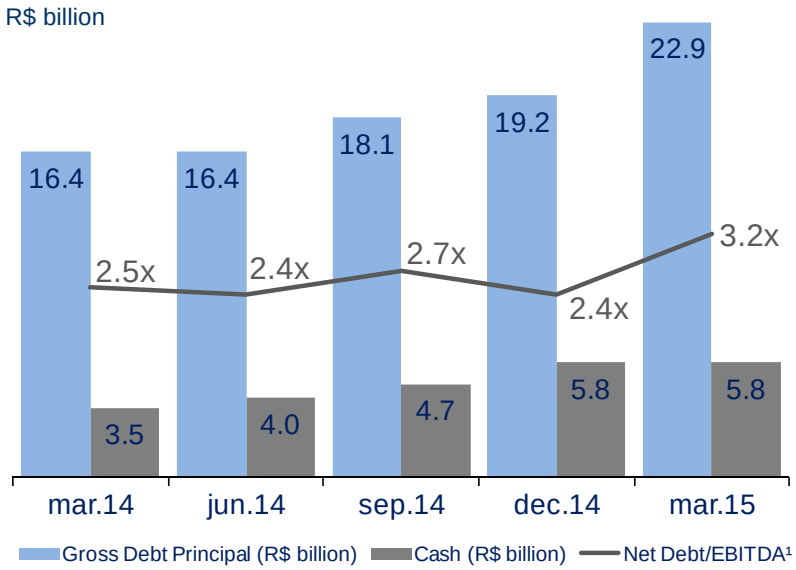
* Net of effect from Net Investment Hedge.

Margin expansion at North America BO contributed to the consolidated result

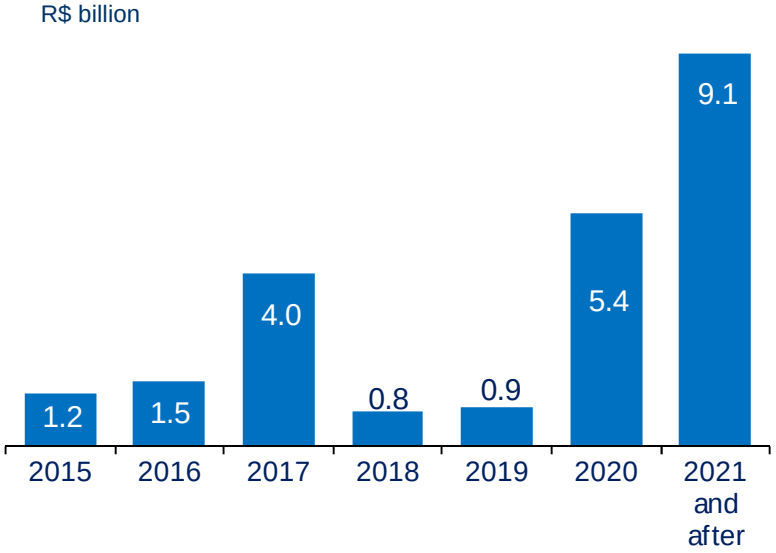
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Debt impacted by exchange variation

Debt and Leverage Ratio



Debt Maturity Schedule



Average Debt Cost: 6.6%

Average Debt Term: 6.9 years

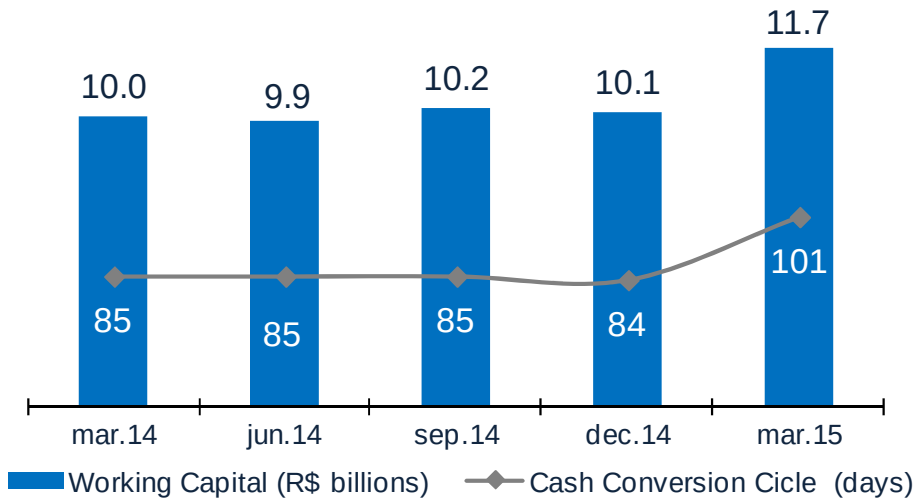
(1) EBITDA LTM.

Net Debt/EBITDA of 3.2x due to FX impacts

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Working capital impacted by exchange variation

Working Capital (R$ million)	**03.31.2014**	**12.31.2014**	**03.31.2015**
Trade accounst receivable (+)	4,492	4,439	5,272
Inventories (+)	8,689	8,867	10,190
Trade accounts payable (-)	3,183	3,236	3,745
Working Capital	**9,998**	**10,070**	**11,717**



FX effect on working capital increased the cash conversion cycle by approximately 10 days

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Closing remarks

- Gerdau's strategy of geographic diversification, combined with management's efforts at all operations, minimized the impacts on Gerdau's performance of this challenging moment for the global steel industry.

- Cautious monitoring of all market developments in this scenario of global overcapacity and economic uncertainties in Brazil.

- Strong level of imports in the markets where we operate.

- Ongoing efforts to improve operational efficiency and optimize working capital.

- New compositions of the Board of Directors of Gerdau S.A. and Metalúrgica Gerdau S.A, marking a new phase in the succession process of the Gerdau Johannpeter family.

- Confidence in the management experience amassed and in the flexibility of Gerdau's operations.

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