Earnings Conference Call – 3Q2010
Gerdau S.A. Consolidated – IFRS

André Gerdau Johannpeter
President and CEO

Osvaldo B. Schirmer
Vice-President and IR Director

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Global Context: 3Q10 vs. 3Q09

- ✓ **Growth of 5% in world crude steel production to 340 million tonnes;**
- ✓ **China accounted for 151 million tonnes, or 45%, of world crude steel production;**
- ✓ **Steel consumption exceeding initial expectations;**
- ✓ **Performance mainly driven by growth in emerging economies.**

Source: Worldsteel

Gerdau – Highlights

	Unit	3Q10	3Q09	Δ%	2Q10
SHIPMENTS	Million tonnes	4.4	3.9	+14%	4.4
NET REVENUES	R$ million	8,190	6,808	+20%	8,296
EBITDA	R$ million	1,265	1,375	-8%	1,720
NET INCOME	R$ million	609	655	-7%	856
DIVIDENDS					
Metalúrgica Gerdau S.A.	R$ million	73	67		89
Gerdau S.A.		170	107		199
CAPEX	R$ million	298	232		220

Outlook

WORLD

- ✓ **World GDP forecast to grow 4.8% in 2010 and 4.2% in 2011;**
- ✓ **Steel consumption estimated to grow by 13% in 2010 and 5% in 2011.**

BRAZIL

- ✓ **GDP growth forecast at 7.6% for 2010 and 4.5% for 2011;**
- ✓ **Steel consumption projected to grow 35% in 2010 and 9% in 2011;**
- ✓ **Construction GDP forecast to expand by 12% in 2010.**

Source: Worldsteel, IMF, Central Bank of Brazil and Brazilian Steel Institute.

Outlook

NORTH AMERICA

- ✓ Slow and gradual recovery in economic activity;
- ✓ U.S. GDP forecast to grow 2.6% in 2010 and 2.3% in 2011;
- ✓ Need for infrastructure investments.

LATIN AMERICA

- ✓ Strong economic growth in certain countries in the region in 2010;
- ✓ Steel consumption projected to grow 17% in relation to 2009.

SPECIALTY STEEL

- ✓ United States: vehicle production expected to grow 37% in 2010;
- ✓ Brazil: vehicle production expected to grow 13% this year;
- ✓ Spain: economic recovery should continue at a slow pace.

Source: Worldsteel, IMF, Latin American Iron and Steel Institute, ANFAVEA

Investments

✓Investment Plan: R$ 11 billion from 2010 to 2014 :

Investments approved	Location	Amount (R$ million)	Additional capacity (1,000 tonnes)	Start-up
Brazil BO				
Flat steel rolling mill (heavy plates and coiled hot-rolled strips) at Ouro Branco-MG	Brazil	2,400	1,900	2012
Expansion of mining capacity to 7 million tonnes	Brazil	533	-	2012
Long products rolling mill	Brazil	490	600	2013
Fabrication units and ready-to-use steel product units	Brazil	472	-	2012
Expansion of the structural profile rolling mill at Ouro Branco-MG	Brazil	100	160	2011
North America BO				
Reheating furnace at Calvert City	USA	44		2012
Latin America BO				
Substitution of electric arc furnace at the melt shop and new dedusting system	Peru	67	-	2010
Port facility (for coal and coke shipments)	Colombia	36	-	2011
Specialty Steel BO				
Specialty steel rolling mill	Brazil	350	500	2012
Capacity expansion of the melt shop with new continous casting	USA	114	200	2013
Specialty steel and rebar rolling mill, sintering and power generation[1]	India	126	300	2011
Other Investments				
Gerdau Template (integrated management system)	Global	204	-	2012
Caçu and Barra dos Coqueiros HPP [2]	Brazil	34	-	2010
Maintenance Capex and other small investments		6,000		
Total		10,970		

[1] Capacity is not included in consolidated figures, since it is a joint venture.

[2] Inaugurated in October, with total geration capacity of 155 MW, which will be totally directed to own use. Total investment of R$ 670 million (R$ 636 million already concluded).

Closing Remarks

✓**Challenging global economic scenario:**

- **High raw material costs;**
- **Excess installed capacity;**
- **Increased competition.**

- **Gerdau's commitment:**

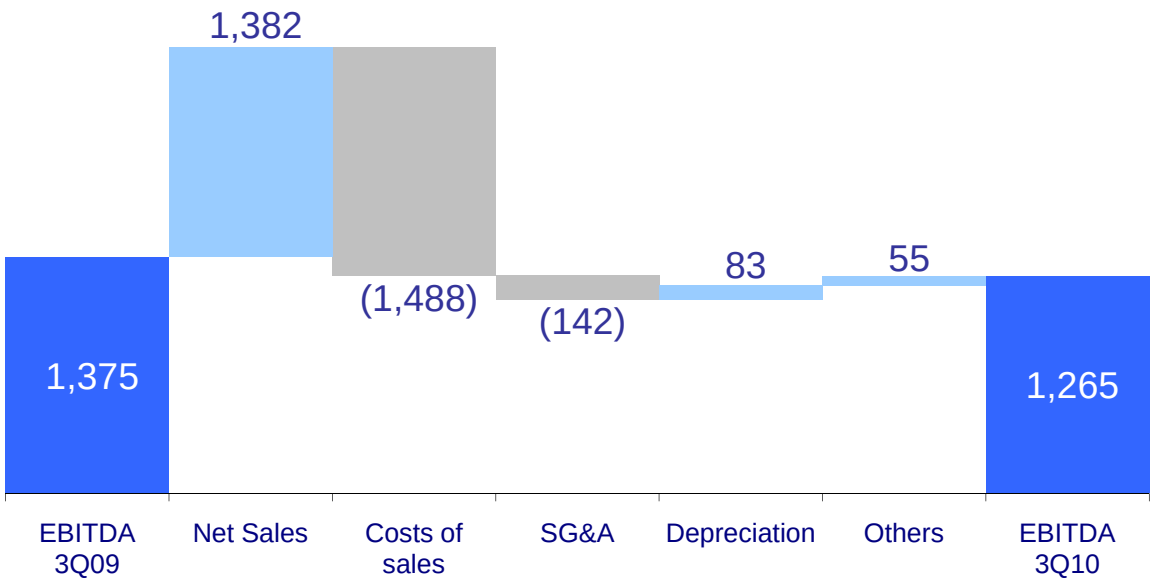
- Continuous adjustment to market developments, with agile decision-making processes and operational flexibility;

- Efforts to reduce costs, expenses and working capital requirements in order to recover margins and increase productivity.

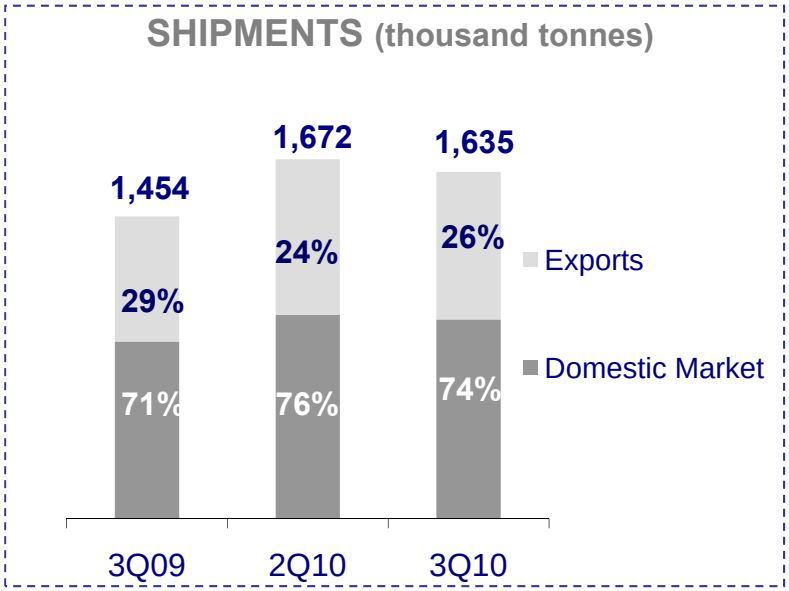
Gerdau Performance – Consolidated

In R$ million	3Q10	3Q09	Δ%	2Q10
NET SALES	8,190	6,808	20%	8,296
Cost of Sales	(6,840)	(5,352)	28%	(6,482)
SG&A	(612)	(470)	30%	(614)
Other Operating income and expenses	49	(18)	-	1
Adjustments for impairment and restructuring cost	-	(143)	-	-
Equity in earnings of unconsolidated companies	(6)	5	-	46
Financial Result, Net	-	(24)	-	(255)
Income and Social contribution taxes	(172)	(151)	14%	(136)
NET INCOME	609	655	-7%	856
EBITDA	1,265	1,375	-8%	1,720
SHIPMENTS ('000 tonnes)	4,415	3,876	14%	4,383

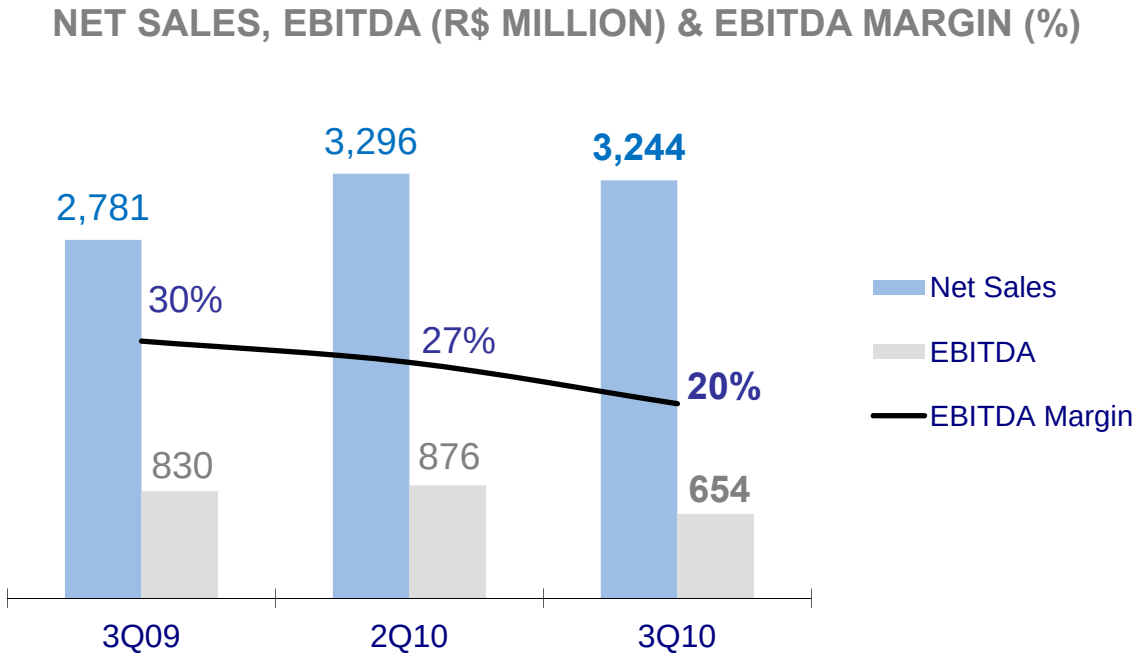
EBITDA - In R$ million



Gerdau Performance – Brazil BO[1]

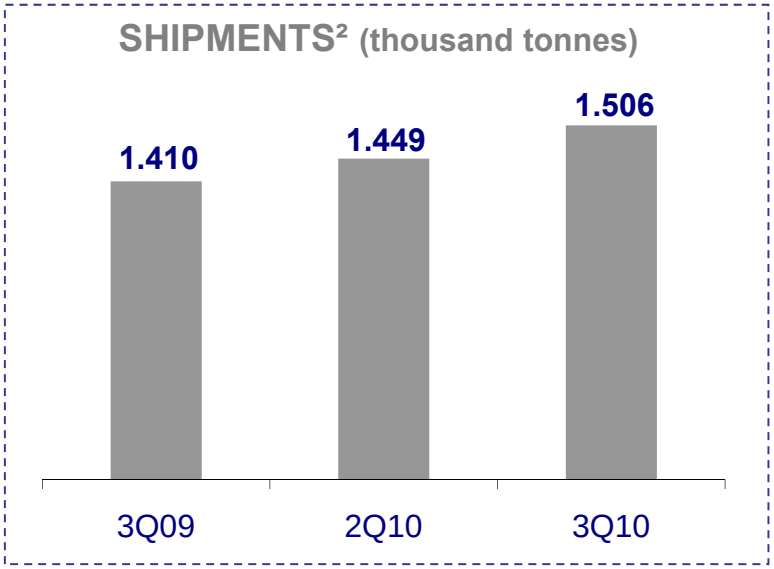


Sales 3Q10/3Q09: +12%
Domestic market: recovery in industrial sector and construction demand continuing to grow at a solid pace.
Net revenue 3Q10/3Q09: +17%
Higher domestic sales volume. Better export prices.
Costs 3Q10/3Q09: +35%
Higher raw material prices.

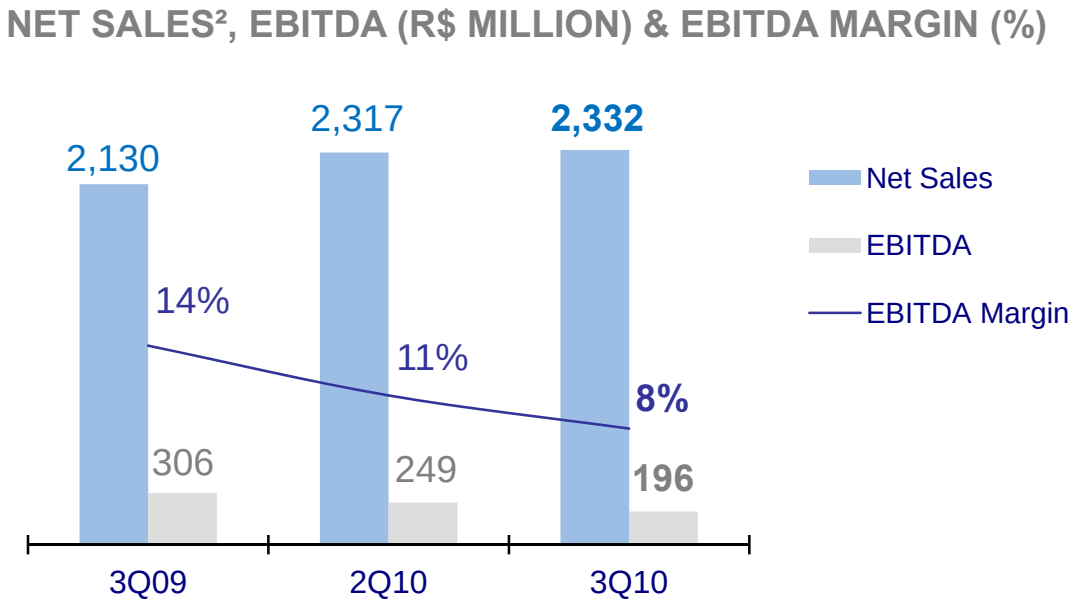


Note 1: includes Brazilian operations, except specialty steel;

Gerdau Performance – North America BO[1]

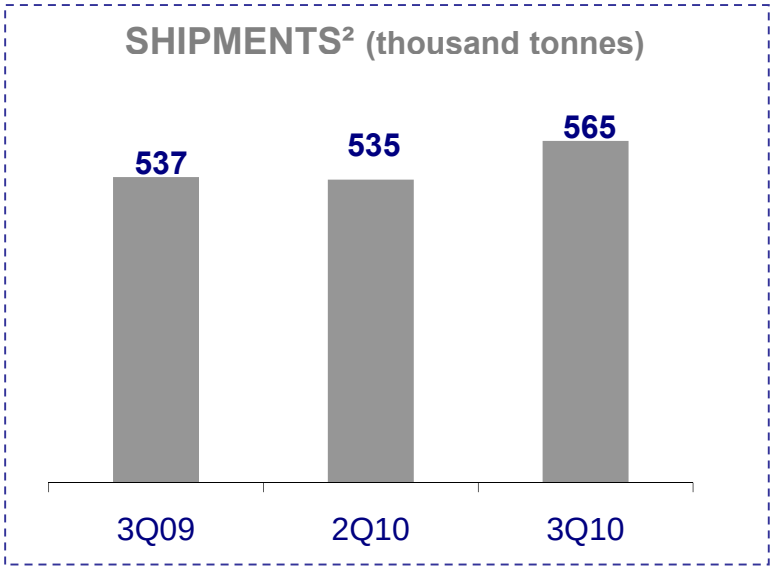


Sales 3Q10/3Q09: +7%
Gradual recovery in the industrial sector.
Net revenue 3Q10/3Q09: +9%
Higher sales volume.
Costs 3Q10/3Q09: +15%
Higher raw material prices.



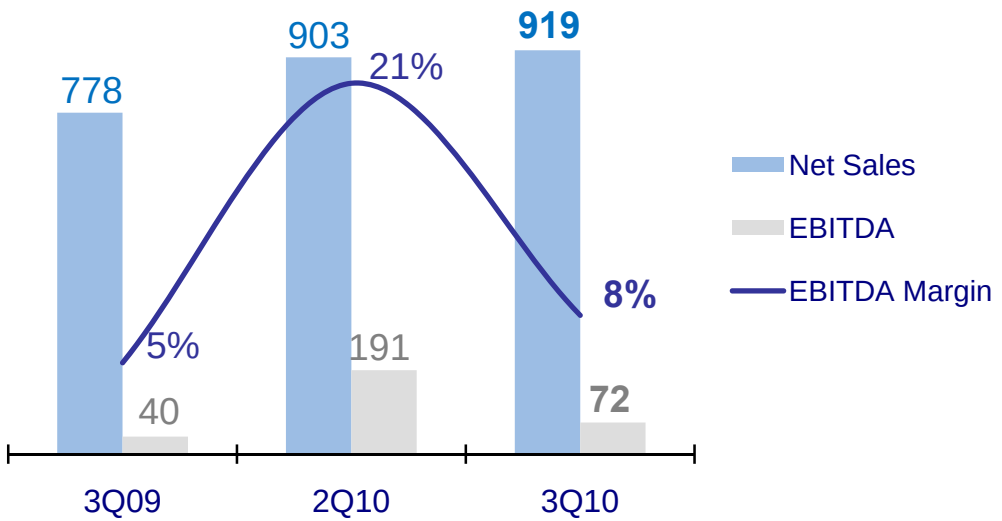
Note 1: Includes all North American operations, except Mexico and specialty steel
Note 2: Information above does not include data from associated companies and joint ventures

Gerdau Performance – Latin America BO[1]



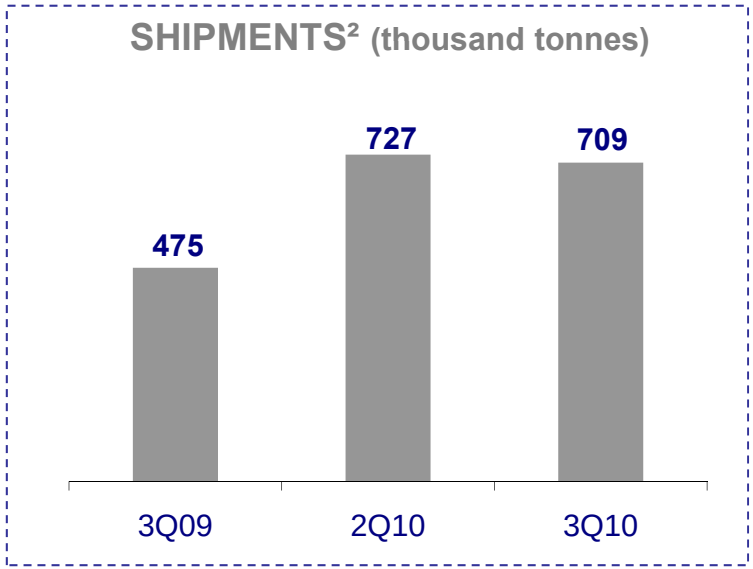
Sales 3Q10/3Q09: +5%
Highlights: Peru and Argentina.
Net revenue 3Q10/3Q09: +18%
Increase in prices.
Costs 3Q10/3Q09: +19%
In line with net revenue growth.

NET SALES², EBITDA (R$ MILLION) & EBITDA MARGIN (%)

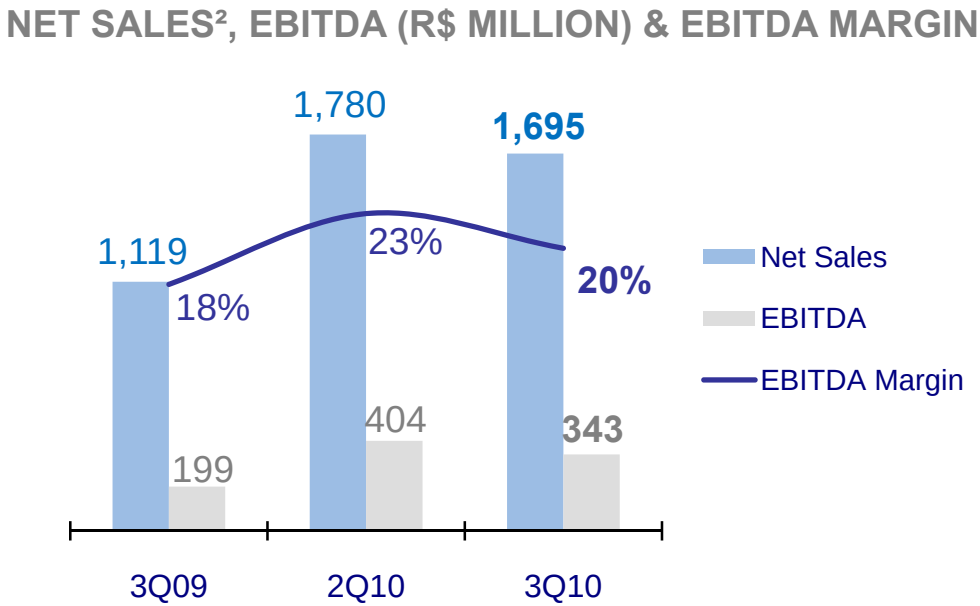


Note 1: Includes all Latin American operations, except Brazil
Note 2: Information above does not include data from associated companies and joint ventures

Gerdau Performance – Specialty Steel BO[1]



Sales 3Q10/3Q09: +49%
Record vehicle production in Brazil. Solid demand in the U.S. auto industry. Start of a recovery in Spain.
Net revenue 3Q10/3Q09: +51%
Higher sales volume.
Costs 3Q10/3Q09: +45%
Higher dilution of fixed costs.



Note 1: Includes the specialty steel operations in Brazil, Spain and United States
Note 2: Information above does not include data from associated companies and joint ventures

Indebtedness and Liquidity

In R$ million	Set. 09	Jun. 10	Set. 10
Local Currency	3,158	3,086	3,353
Foreign Currency	5,890	5,278	4,965
Companies Abroad	7,029	6,389	5,988
GROSS DEBT	16,077	14,753	14,306
Cash and Cash equivalent	5,405	4,317	1,677
NET DEBT	10,672	10,436	12,629

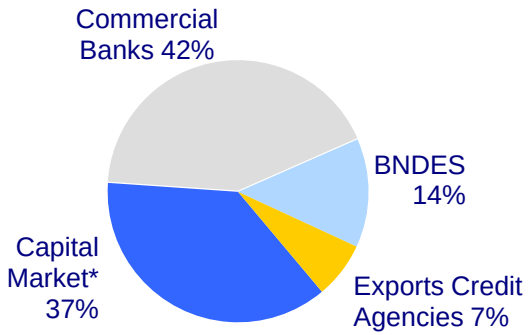
COST OF DEBT

Local Currency: 8%

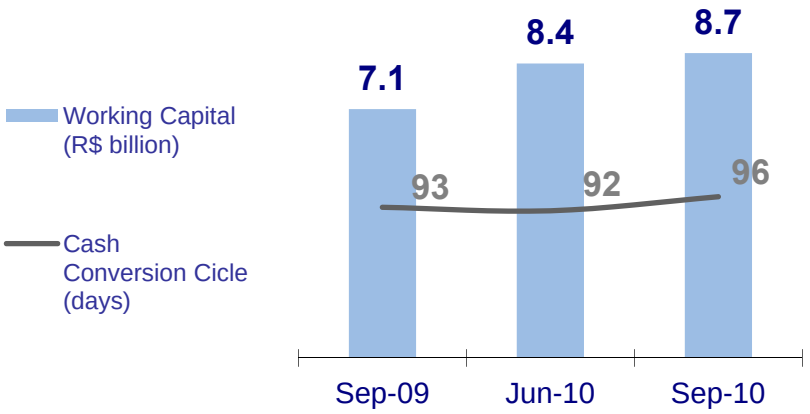
Foreign Currency: 5% + FX

Companies Abroad: 3%

DEBT BREAKDOWN



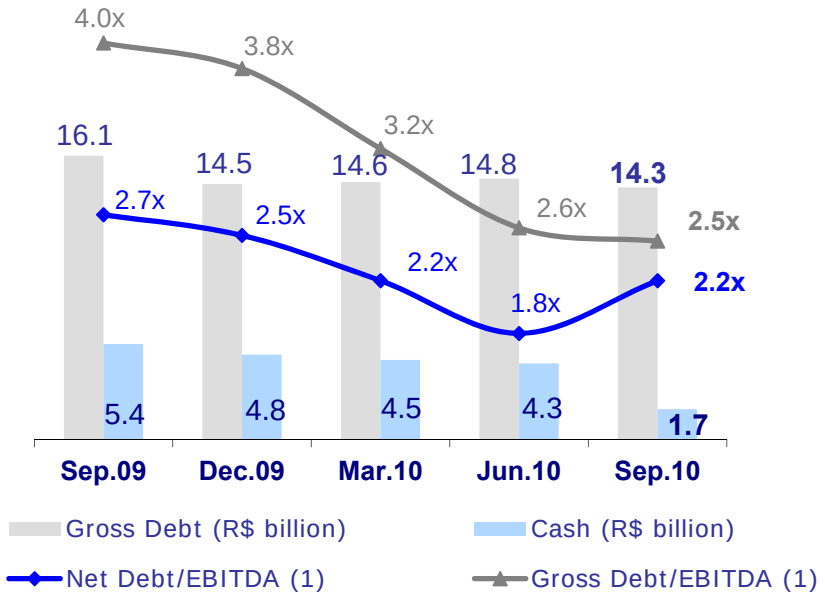
WORKING CAPITAL



* Include debentures and bonds issued

Indebtedness and Liquidity

DEBT/EBITDA

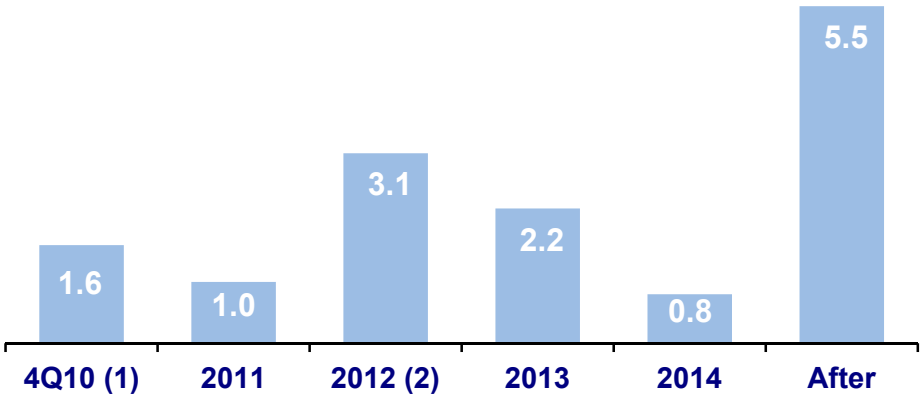


(1) EBITDA LTM

DEBT MATURITY

In R$ billion

4Q10 (1)	1Q11	2Q11	3Q11
1.6	0.3	0.4	0.2



Debt Average Term: 6.5 years

(1) R$ 1.0 billion of this total has already been paid in the beginning of October.

(2) R$ 0.4 billion of this total has already been paid in the beginning of October.

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