

Conference Call – 2nd Quarter 2008
GERDAU S.A. CONSOLIDATED

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Gerdau – Highlights



2nd Quarter

GROSS REVENUES

2Q 2008: R$ 12,3 billion → +46,2% compared to 2Q 2007

EBITDA

2Q 2008: R$ 2,7 billion → +72,0% compared to 2Q 2007

NET INCOME

2Q 2008: R$ 2,1 billion → + 85,3% compared to 2Q 2007

SALES

2Q 2008: 5,5 million tonnes → +32,1% compared to 2Q 2007

INVESTMENTS (ACQUISITIONS AND CAPEX)

US$ 3,5 billion → 2Q 2008

Steel Market



2nd Quarter

WORLD STEEL PRODUCTION

- ✓ **Growth of 5,9%, reaching 355 million tonnes**
- ✓ **China leadership: 138 million tonnes produced (+ 10,6%)**

PRICES / COSTS

- ✓ **Prices are following the increases in raw material and other costs**

OUTLOOK

- ✓ **Growth of 6% to 7% on world steel demand in 2008, with emphasis on Asia, Middle East and Latin America**

Source: IISI (International Iron & Steel Institute)

Gerdau – Performance 2nd Quarter



Brazil

- ✓ Record long steel apparent consumption: civil construction, capital goods and automotive
- ✓ Gerdau: sales up by 34,5%
- ✓ Higher costs for iron ore, coal, scrap, energy, electrodes, refractories, alloys and equipment/machinery

INVESTMENTS

- ✓ Capex: US$ 232 million

OUTLOOK

- ✓ Continued growth of the Brazilian economy
- ✓ Growth in domestic shipments

Source: IBS (Instituto Brasileiro de Siderurgia)



North America

- ✓ 16.3% growth in non-residential construction
- ✓ Reduction in imports and increase in exports
- ✓ Shipments: growth of 47.5%
- ✓ Steel prices up, following trend in raw materials; high metal spreads

INVESTMENTS

- ✓ Capex: US$ 33 million
- ✓ Acquisitions in US / increased equity participation in PCS (84%)

OUTLOOK

- ✓ Continuous monitoring of the economic environment
- ✓ Steel import levels should remain low



Latin America (excluding Brazil)

- ✓ **GDP growth in majority of countries: good domestic demand and investments in infrastructure**
- ✓ **Cost increases**
- ✓ **Shipments up 8.8% over same period last year**

INVESTMENTS

- ✓ **Capex: US$ 53 million**
- ✓ **Acquisitions in Colombia, Mexico and Chile, and strategic partnership in Guatemala**

OUTLOOK

- ✓ **Monitoring of markets and inflation**
- ✓ **Economic growth, helped by strength in civil construction**



Specialty Steel

- ✓ **Brazil: automobile production up by 24.3%**
- ✓ **Europe: stable market, good margins**
- ✓ **US: diversification of customer order book**
- ✓ **Shipments up 47.7% compared to 2nd Q 2007**

INVESTMENTS

- ✓ **Capex: US$ 62 million**
- ✓ **Acquisitions in the US and Spain; 28.9% increase in participation in Villares**

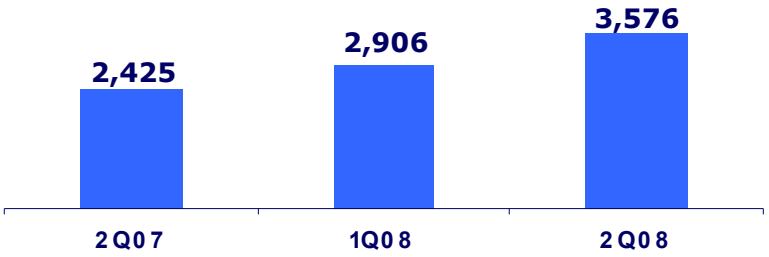
OUTLOOK

- ✓ **Brazil: growth in automotive sector**
- ✓ **Europe: stable markets; costs should go up**
- ✓ **North America: growth in specialty steel demand; exception is automotive industry**

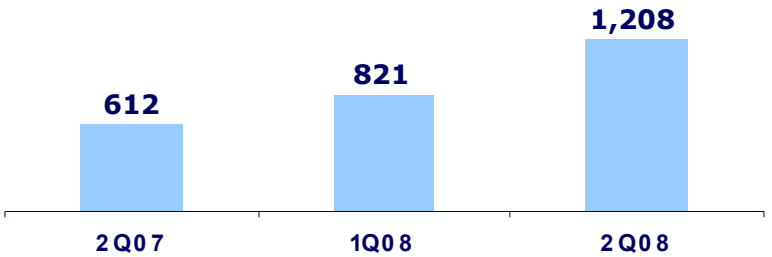
Gerdau - Performance 2nd quarter

Brazil[1]

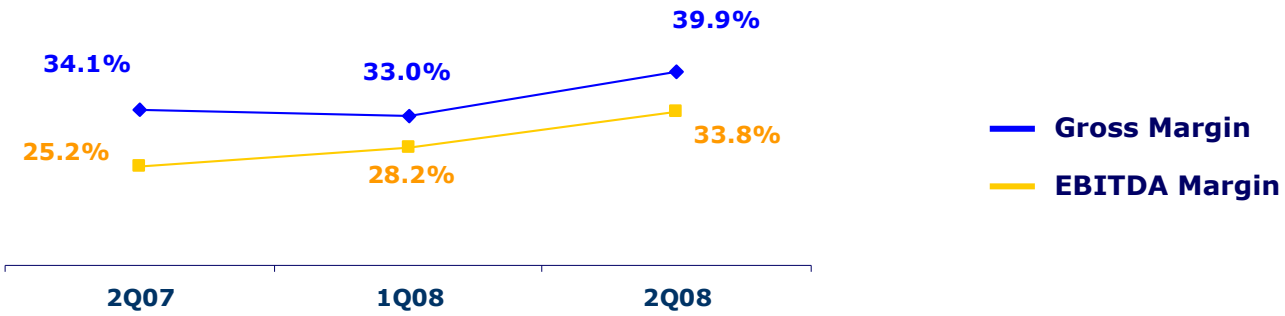
NET SALES
In millions of R$



EBITDA
In millions of R$



MARGINS



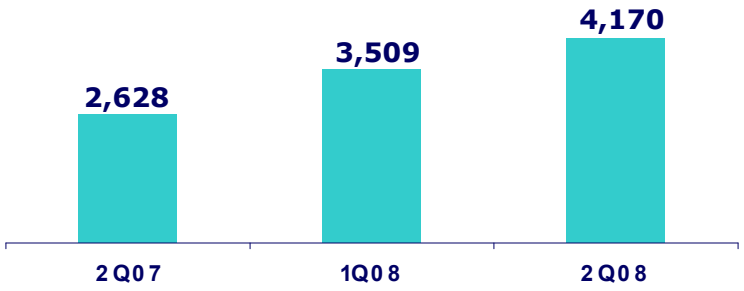
Note[1]: Does not include specialty steel operations

Gerdau - Performance 2nd quarter

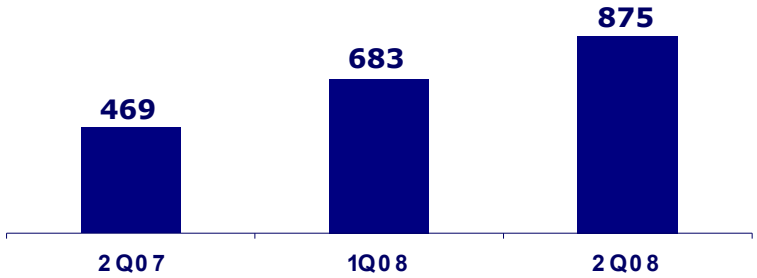


North America[1]

NET SALES[2]
In millions of R$



EBITDA
In millions of R$



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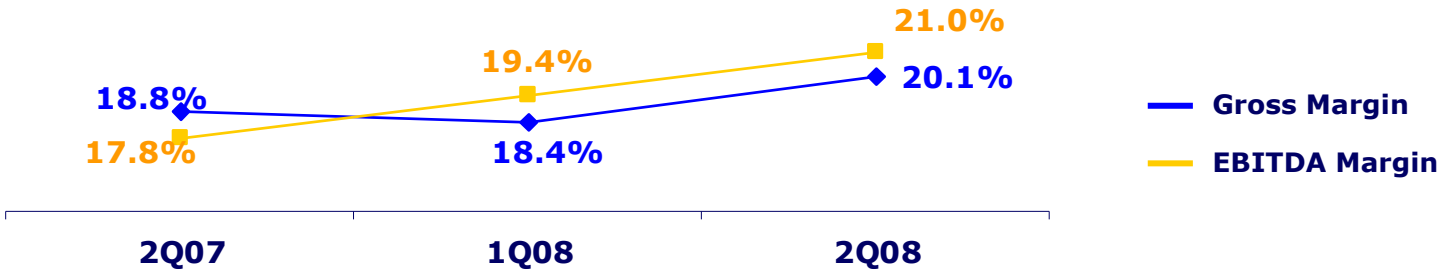


Note[1]: Does not include Mexico and MacSteel

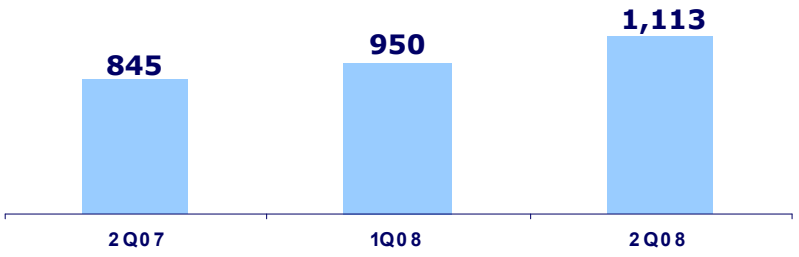
Note[2]: Information above does not include data from associated companies and joint ventures

Gerdau - Performance 2nd quarter

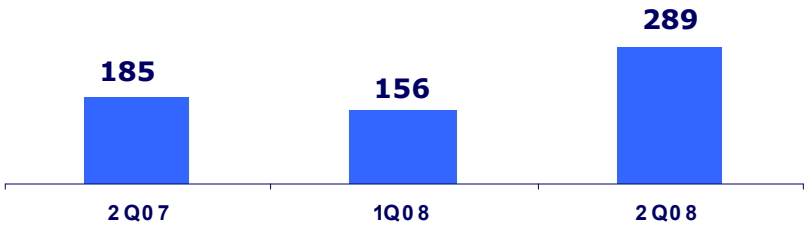


Latin America[1]

NET SALES[2]
In millions of R$



EBITDA
In millions of R$



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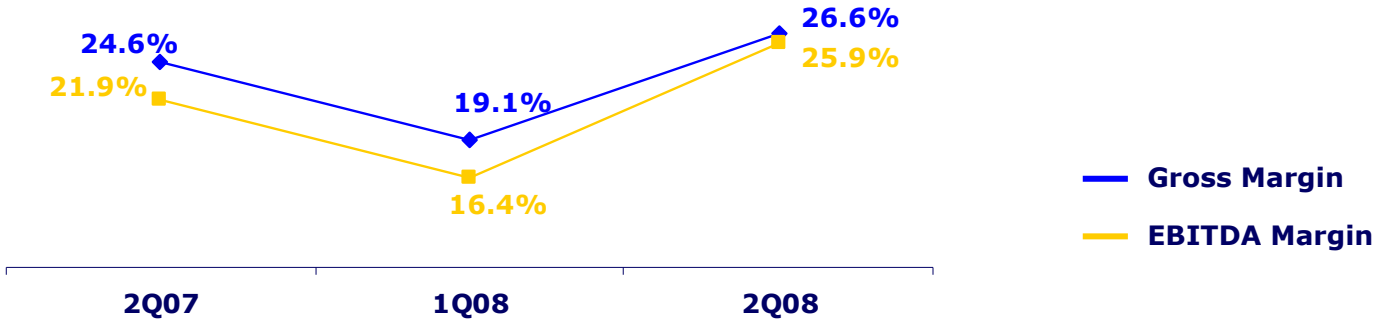


Note[1]: Does not include operations in Brazil

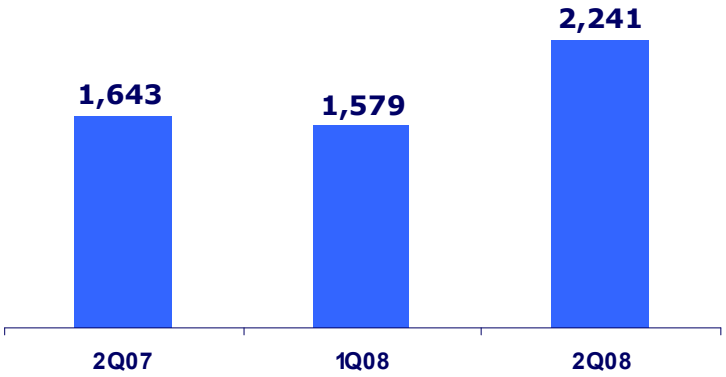
Note[2]: Information above does not include data from associated companies and joint ventures.

Gerdau - Performance 2nd quarter

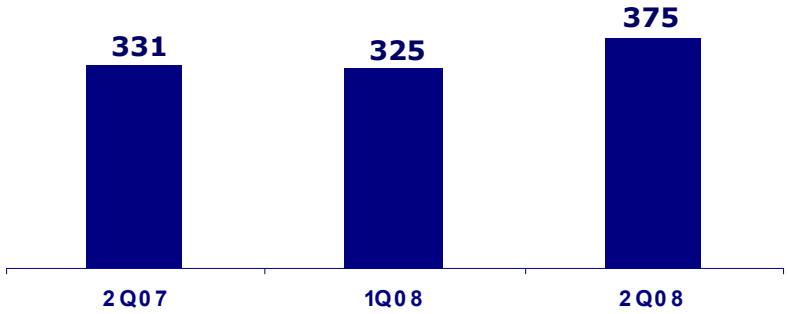


Specialty Steel[1]

NET SALES
In millions of R$



EBITDA
In millions of R$



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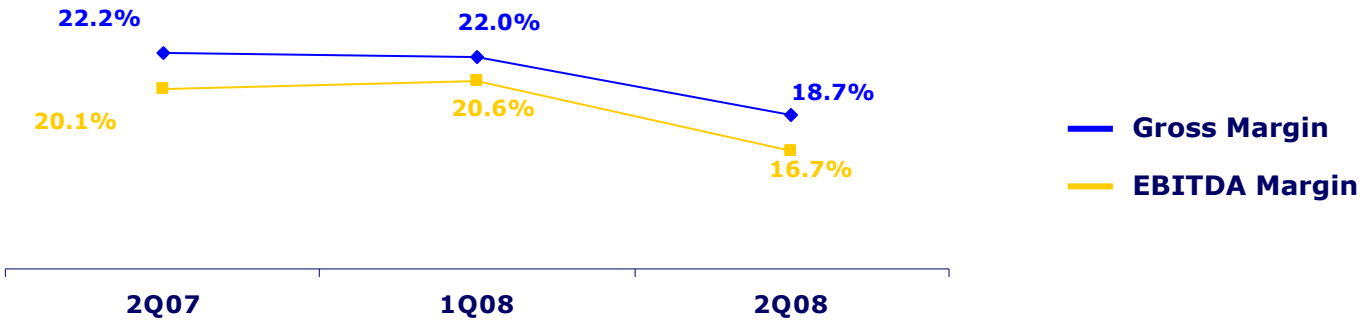


Note[1]: Includes specialty steel operation in Brazil, Europe and United States

Joint Ventures and Associated Companies



	Shareholding	Annual Crude Steel Installed Capacity (thousand tonnes)	Annual Rolled Products Installed Capacity (thousand tonnes)	Shipments (thousand tonnes) 2Q08
Gallatin Steel (USA)	50%	680	710	197
Corporación Centroamericana del Acero (Guatemala) (1)	30%	150	210	22
Corsa (Mexico)	49%	75	150	30
Inca (Dominican Republic)	49%	-	200	49
SJK Steel (Asia)	45%	120	-	3
TOTAL		1,025	1,270	301

(1) Acquisition announced on April 21st, 2008

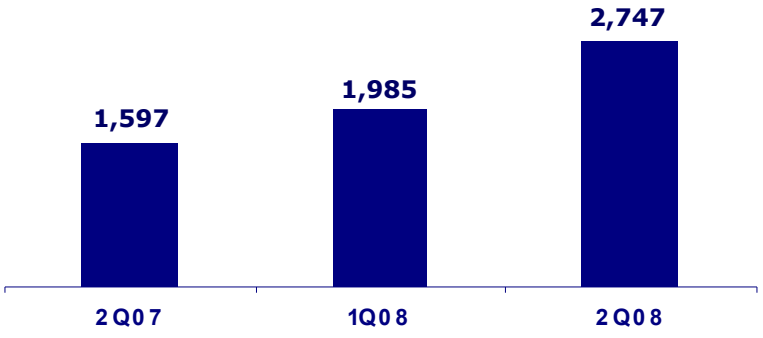
- ✓ **Total net revenue was equivalent to R$ 561.4 million**
- ✓ **Total equity in earnings of unconsolidated companies was R$ 82 million**

Gerdau – Consolidated Performance



In millions of R$	2Q08	2Q07
NET SALES	11,100	7,541
Gross profit	2,980	1,894
Sales, General and Administrative Expenses	(741)	(640)
Other operating income (expenses)	17	6
Operating profit	2,256	1,260
Equity in earnings of unconsolidated companies	82	33
Net financial results	435	149
Provision for income tax	(649)	(296)
NET INCOME	2,124	1,146

EBITDA
In millions of R$



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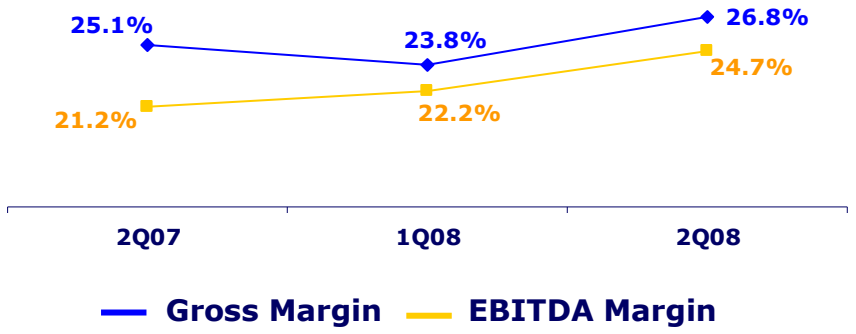


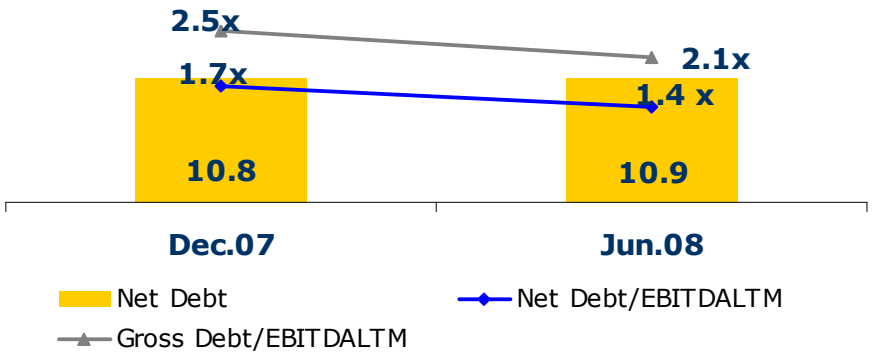
Indebtedness



In millions of R$

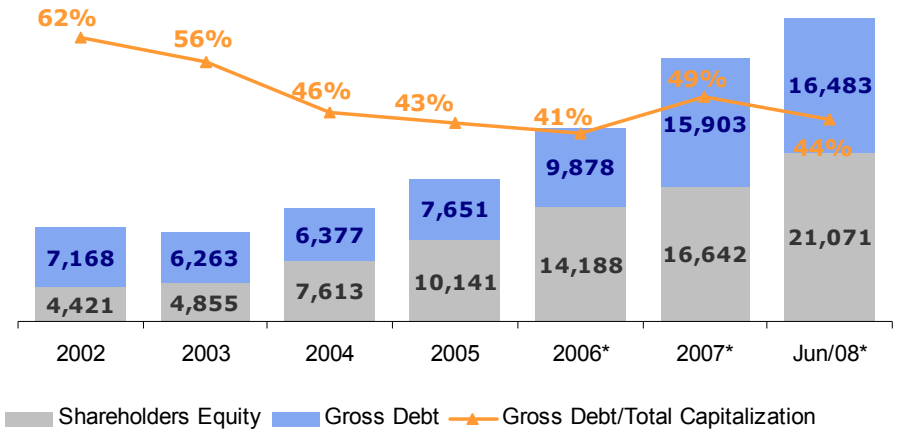
	Jun. 08	Dec. 07
Local currency	3.102	3.718
Foreign currency	2.665	3.066
Companies abroad	10.716	9.119
GROSS DEBT	16.483	15.903
Financial Investments	5.557	5.139
NET DEBT	10.926	10.764

Gross Debt/Total Capitalization



LTM EBITDA: Last 12 months EBITDA

Gross Debt/Total Capitalization



Debt Average Term:

6 years and 6 months

*** Data in IFRS. Others in BRGAAP.**

Dividends



Dividends – 2nd quarter 2008

- ✓Payment: August 27th, 2008
- ✓Base date: record at the close of business on August 15th (ex-dividends on August 18th).
- ✓Metalúrgica Gerdau S.A. will pay R$ 244 million (R$ 0.60 per share)
- ✓Gerdau S.A. will pay R$ 511 million (R$ 0.36 per share)

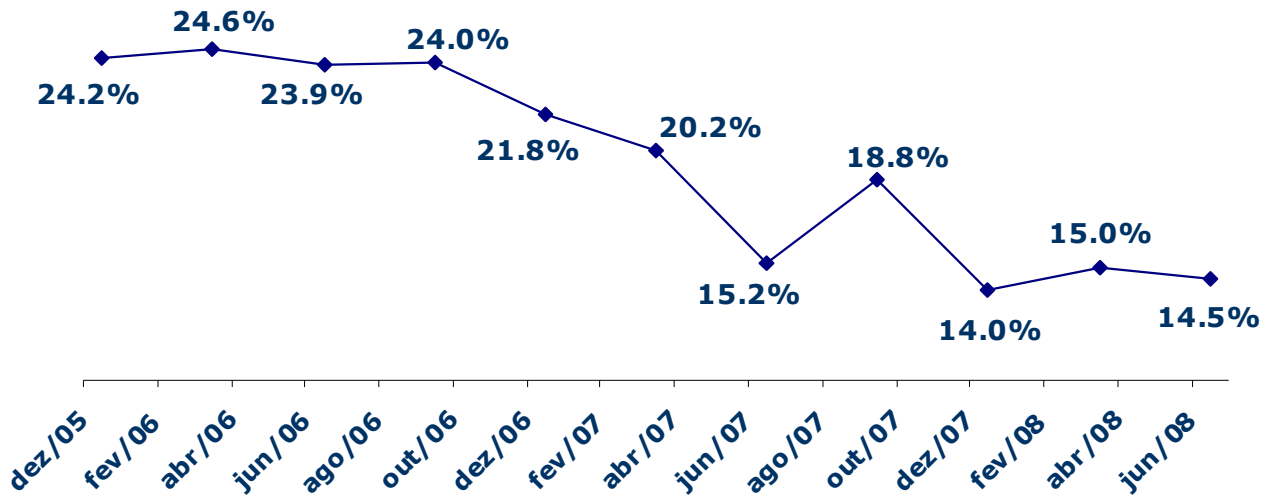
Holding Discount



DISCOUNT BETWEEN THE MARKET VALUE OF METALÚRGIGA GERDAU S.A. AND THE MARKET VALUE OF ITS INTEREST IN GERDAU S.A.

Base June 30th, 2008:	Nº of Shares (million)	Price Shares PN	Market Cap (R$ million)
Gerdau S.A.	1,431	38.40	54,965
Metalúrgica´s interest in Gerdau (42.58%)			23,404
(+) Other investments			569
(+) Interest in Aços Villares (28.88%)			1,139
(=) Theoretical market cap of Metalúrgica			25,112
Metal. Gerdau	413	52.00	21,459
Metalúrgica Discount regarding Gerdau			**-14.5%**

Quarterly Discount



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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