1Q14 Conference Call
Gerdau S.A. Consolidated – IFRS

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Industry Overview

- ✓ World steel production of 404 million tonnes in 1Q14, up 2.2% from 1Q13;
  - ✓ Brazil: production of 8.3 million tonnes, up 1.5%;
  - ✓ Latin America (ex Brazil): production of 7.8 million tonnes, up 2.8%;
  - ✓ United States: production of 21.5 million tonnes, stable compared to 1Q13.
- ✓ World Outlook:
  - ✓ World GDP growth forecast at 3.6% for 2014;
  - ✓ Steel consumption expected to grow by 3.1% in 2014.

Note: Comparisons of 1Q14 vs. 1Q13.

Source: worldsteel, Instituto Aço Brasil and Alacero.

Gerdau – Highlights

	Unit	1Q14	1Q13	Δ%	4Q13	Δ%
SHIPMENTS	Million tonnes	4.4	4.6	-4%	4.6	-4%
CRUDE STEEL PRODUCTION	Million tonnes	4.6	4.4	+5%	4.4	+5%
NET SALES	R$ million	10,554	9,166	+15%	10,321	+2%
EBITDA	R$ million	1,196	805	+49%	1,370	-13%
NET INCOME	R$ million	440	160	+175%	492	-11%
DIVIDENDS						
Metalurgica Gerdau S.A.	R$ million	45	8		33	
Gerdau S.A.	R$ million	119	34		119	

2014 Outlook

BRAZIL

- ✓ Economy: GDP growth forecast at 1.6%;
- ✓ Steel consumption: growth of 3% compared to the prior year, to 27,2 million tonnes;
- ✓ Construction Industry: growth of 1.1% in construction GDP;
- ✓ Manufacturing Industry: industrial GDP estimated to grow 1.3%;
- ✓ Agriculture: growth of 2.6% in agriculture GDP.

Source: Instituto Aço Brasil, Focus e BACEN.

2014 Outlook

NORTH AMERICA

- ✓ First quarter of the year affected by the severe winter that affected the region and higher imports in the period;
- ✓ Forecast for U.S. GDP growth: 2.8%;
- ✓ U.S. steel consumption: growth of 4.0% to 99.4 million tonnes;

LATIN AMERICA

- ✓ Healthy economic growth in the region, led by Peru (GDP +5.5%), Colombia (GDP +4.5%) and Chile (GDP +3.6%);
- ✓ Steel consumption: expected consumption of 43 million tonnes, up 3.7% compared to 2013.

Source: worldsteel, FMI, Bloomberg e Alacero.

2014 Outlook

SPECIAL STEEL

BRAZIL:

✓ Uncertainty in the automotive industry, given the production cuts and vacations announced recently by assemblers, as well as the increase in prices and credit restrictions (FINAME).

NORTH AMERICA:

✓ Recovery in the truck segment and continued strong demand from the light-vehicle segment.

EUROPE:

✓ Good outlook, which would represent the first year of the region's recovery cycle.

INDIA:

✓ Expectations of a recovery in India's economy.

Closing Remarks

✓ Iron Ore: investments to expand processing capacity to 18 million tonnes in 2016;

✓ Gerdau's good performance in 1Q14 reflects its management efforts, the positive effects from exchange variation and stronger demand in various markets;

✓ Gerdau continues to work to increase its operating efficiency, optimize its working capital and improve its debt profile;

✓Gerdau has maintained its investment plan and its position of remaining very selective in its CAPEX decisions;

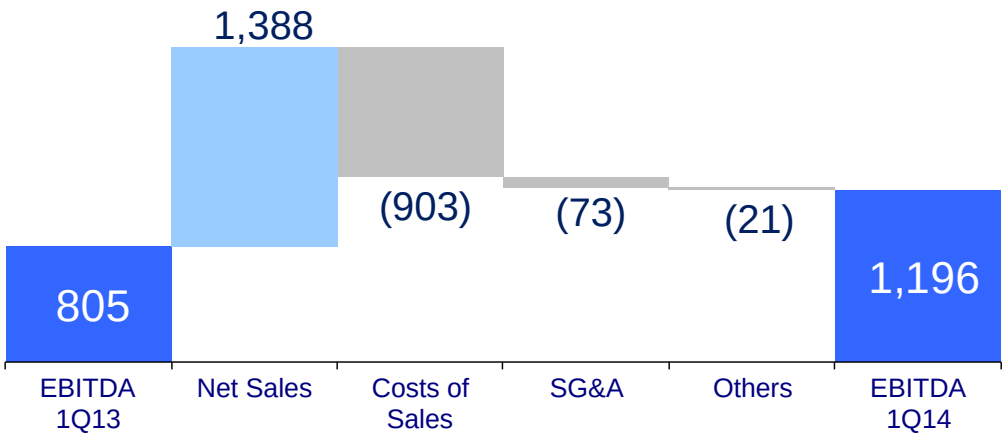
✓ Gerdau reiterates that it is ready to face any scenarios of instability in the Brazilian economy in 2014.

Performance Gerdau – Consolidated

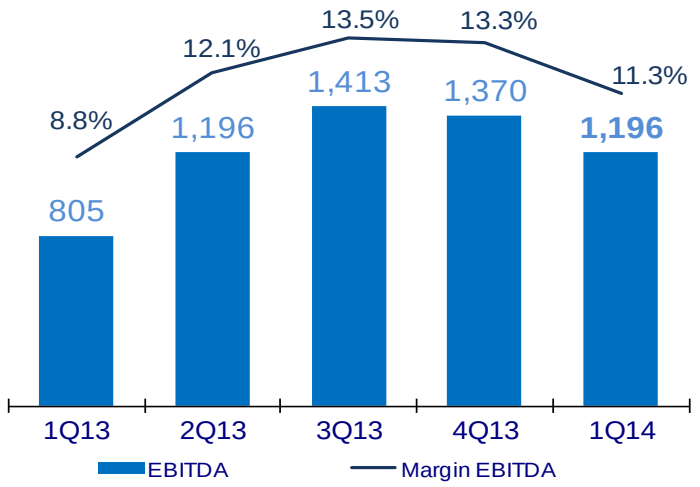
In R$ million

	1Q14	1Q13	Δ 1Q14/1Q13	4Q13	Δ 1Q14/4Q13
NET SALES	10,554	9,166	15.1%	10,321	2.3%
Costs of Sales	(9,238)	(8,257)	11.9%	(8,971)	3.0%
SG&A	(707)	(634)	11.5%	(669)	5.7%
Other operating income and expenses	19	49	-61.2%	108	-82.4%
Equity in earnings of unconsolidated companies	26	17	52.9%	19	36.8%
Financial result, net	(101)	(192)	-47.4%	(355)	-71.5%
Income and Social Contribution taxes	(113)	11	-	39	-
NET INCOME	440	160	175.0%	492	-10.6%
EBITDA	1,196	805	48.6%	1,370	-12.7%
EBITDA Margin	11.3%	8.8%	-	13.3%	-
SHIPMENTS (thousand tonnes)	4,387	4,555	-3.7%	4,555	-3.7%

EBITDA Evolution (R$ million)



EBITDA (R$ million) and EBITDA Margin

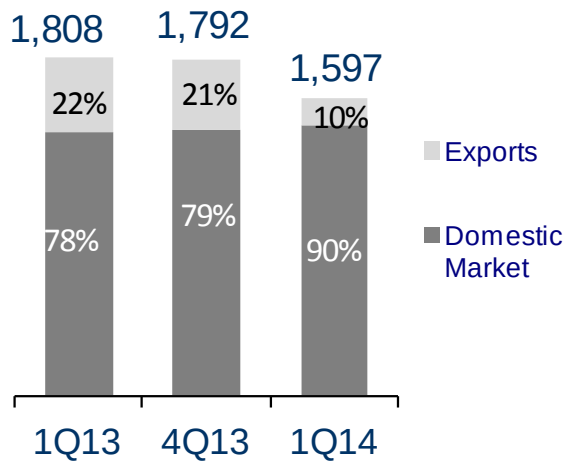


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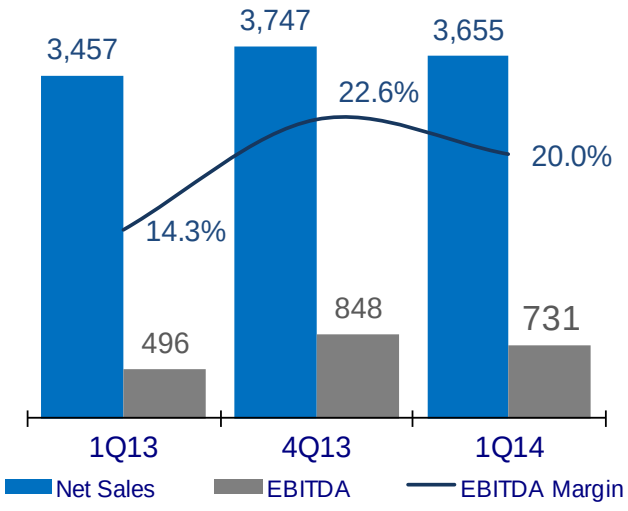
Performance Gerdau 1Q14 x 1Q13 – Brazil BO[1]

Shipments: -11.7%	• Lower exports (-60.4%).
Net sales: +5.7%	• Higher net sales per tonne sold. • Better market mix.
Costs: -1.3%	• Lower dilution of fixed costs.

SHIPMENTS ('000 tonnes)



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



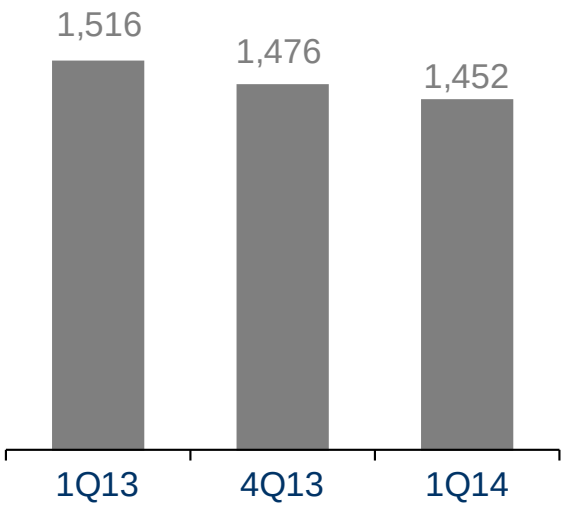
Note1: includes the steel operations in Brazil (except special steel) and the Colombia metallurgical coal and coke operation.

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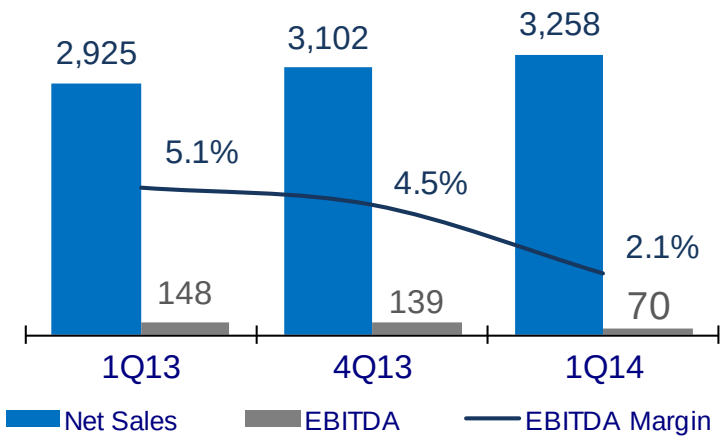
Performance Gerdau 1Q14 x 1Q13 – North America BO[1]

Shipments: -4.2%	• Impact of the severe winter in the region and imports.
Net sales: +11.4%	• Higher net sales per tonne sold, due to exchange variation.
Costs: +14.7%	• Higher costs per tonne, due to exchange variation.

SHIPMENTS[2] ('000 tonnes)



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



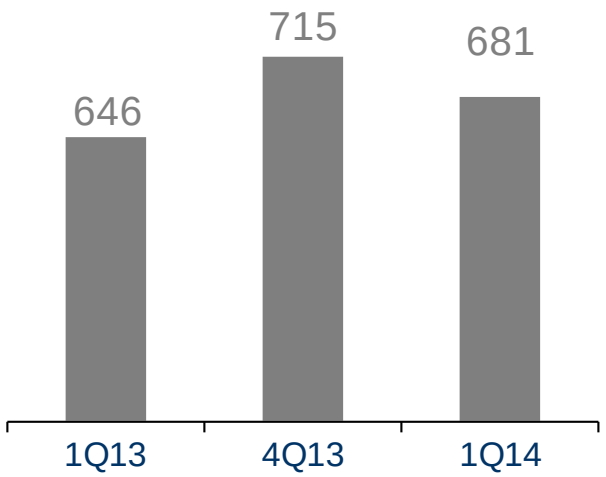
Note 1: Includes all operations in North America, except Mexico and specialty steel
Note 2: Excludes data from associated companies and jointly controlled entities.

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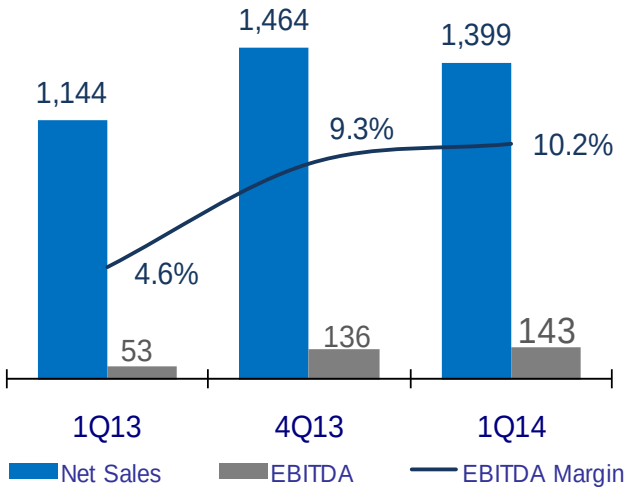
Performance Gerdau 1Q14 x 1Q13 – Latin America BO[1]

Shipments: +5.4%	• Improved market conditions in the region.
Net sales: +22.3%	• Higher net sales per tonne sold. • Higher shipments.
Costs: +15.7%	• Higher shipments. • Higher costs per tonne.

SHIPMENTS[2] ('000 tonnes)



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



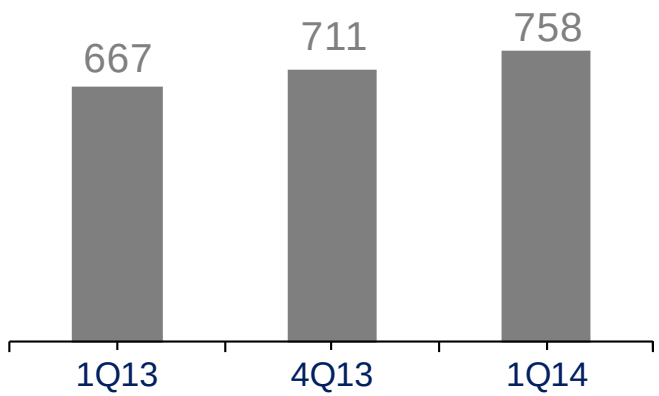
Note 1: Includes all operations in Latin American, except Brazilian operations and Colombian metallurgical coal and coke operation.
Note 2: Excludes data from associated companies and jointly controlled entities

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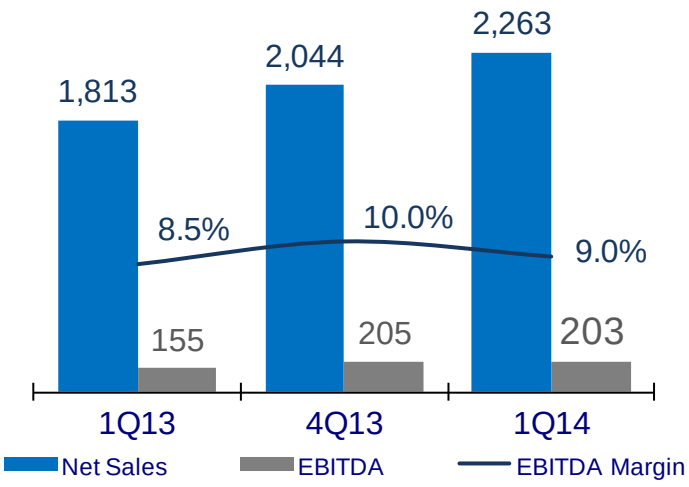
Performance Gerdau 1Q14 x 1Q13 – Special Steel BO[1]

Shipments: +13.6%	• Higher volumes in all geographies, especially India.
Net sales: +24.8%	• Higher shipments. • Higher net sales per tonne sold, due to exchange variation.
Costs: +24.0%	• Higher shipments. • Higher costs per tonne, due to exchange variation.

SHIPMENTS ('000 tonnes)



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



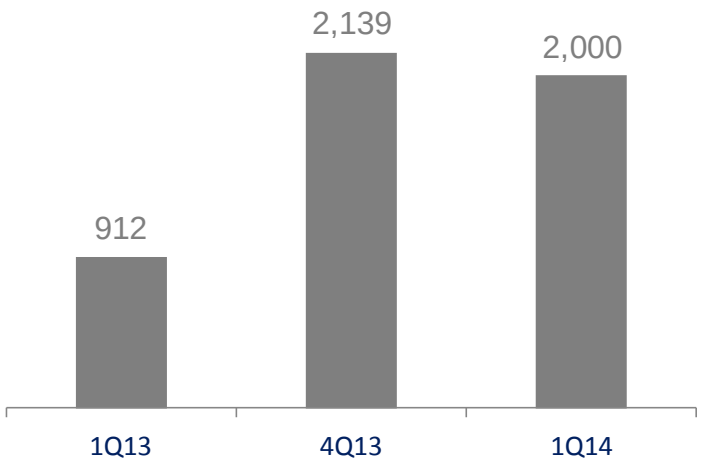
Note 1: Includes all Special Steel operations in Brazil, Spain, USA and India.

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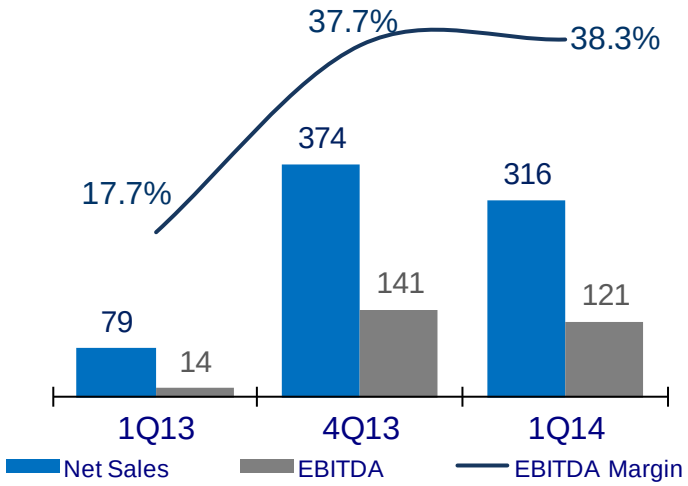
Performance Gerdau 1Q14 x 1Q13 – Iron Ore BO1

Shipments: +119.3%	• Higher shipments to third parties.
Net sales: +300.0%	• Higher net sales per tonne sold. • Higher shipments.
Costs: +212.7%	• Higher freight costs (higher exports). • Higher shipments.

SHIPMENTS ('000 tonnes)



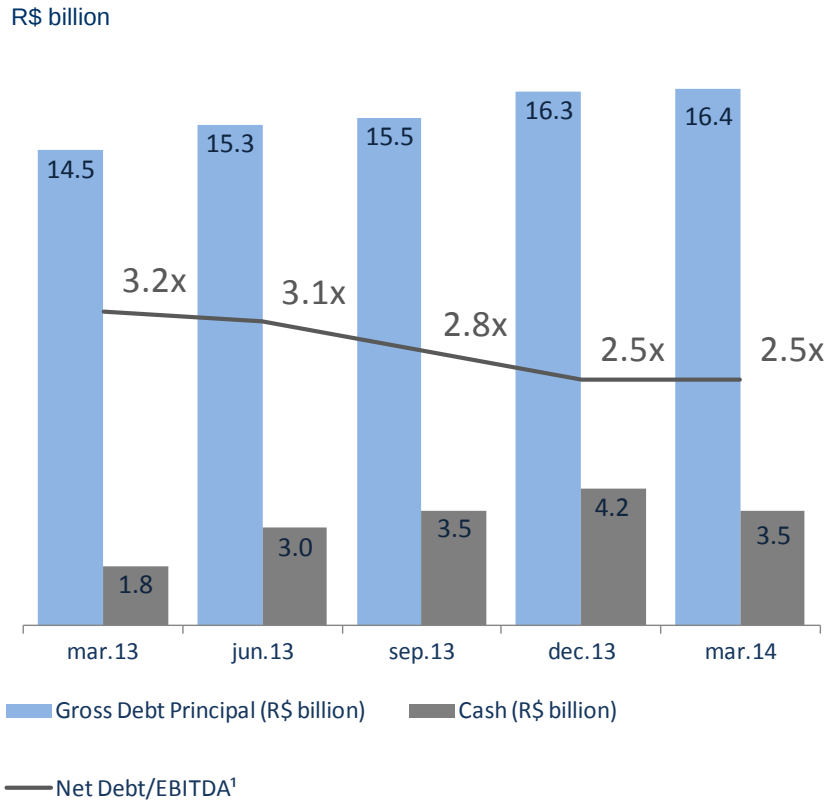
NET SALES, EBITDA (R$ million) & EBITDA Margin (%)



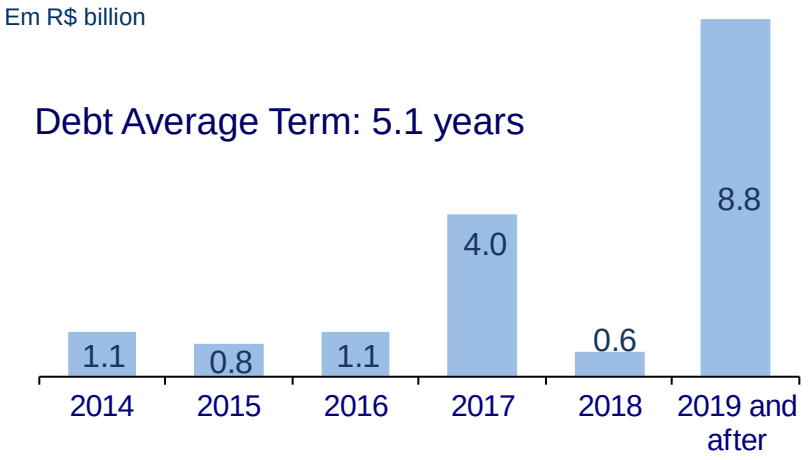
Note 1: Includes all Iron Ore operations in Brazil.

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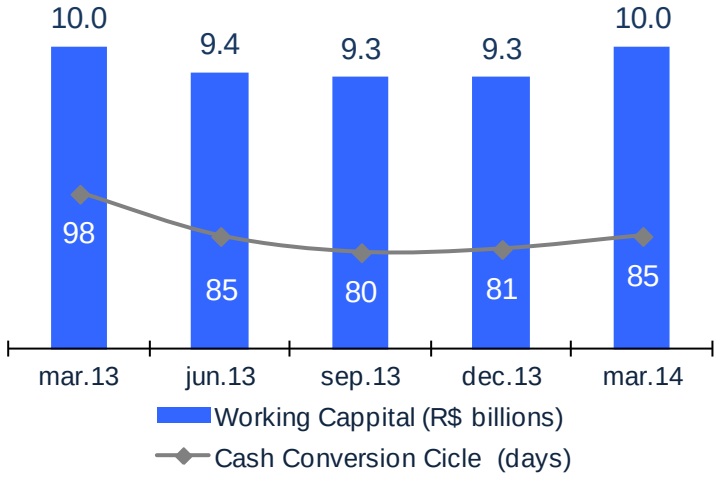
Indebtedness and Liquidity



AMORTIZATION SCHEDULE



WORKING CAPITAL AND CASH CONVERSION CICLE



COST OF DEBT: 6.8%

Local Currency: 9.4%

Foreing Currency: 6.2% + FX

Companies Abroad: 5.9%

(1) EBITDA in last 12 months.

GERDAU

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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