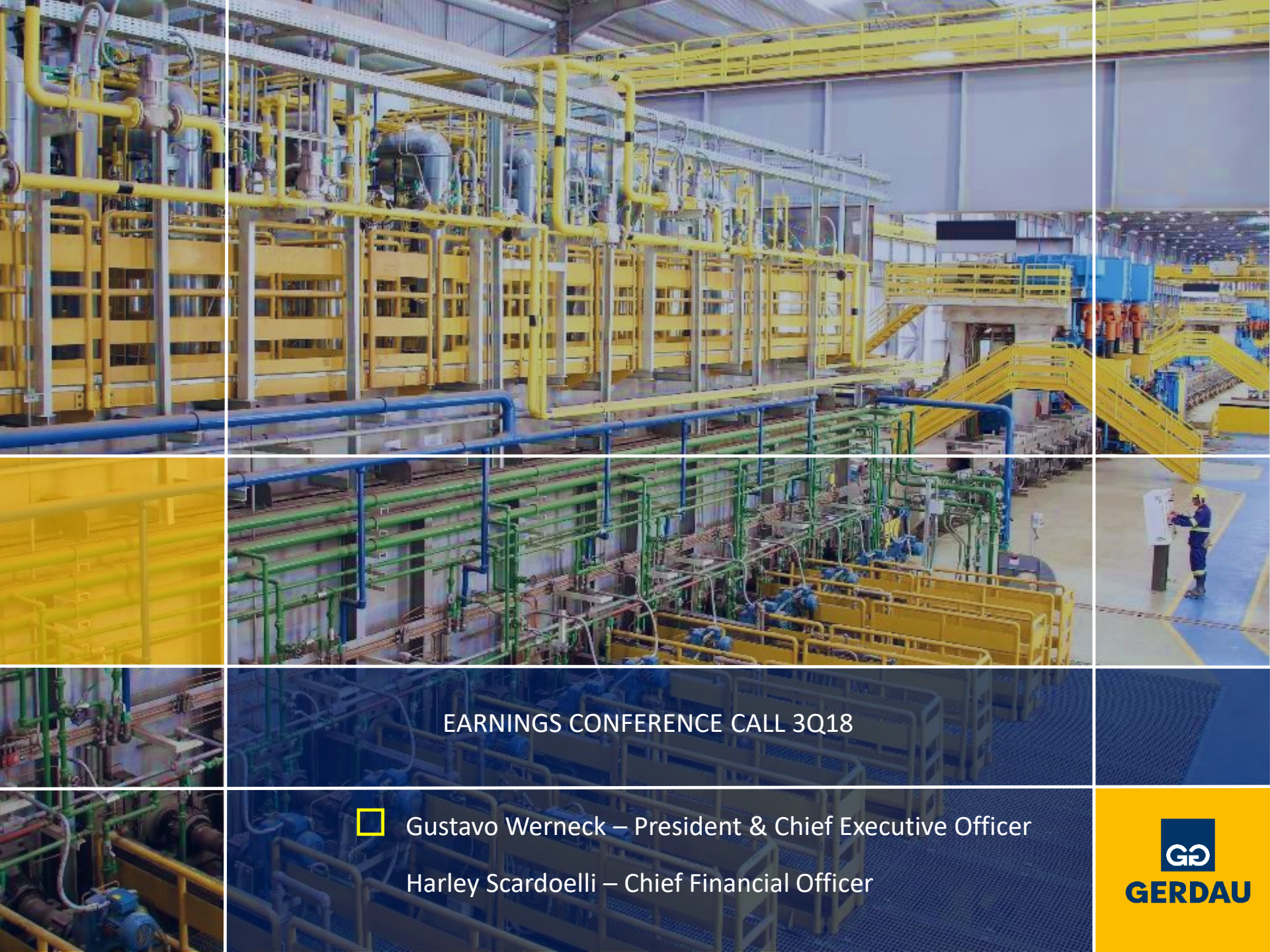


EARNINGS CONFERENCE CALL 3Q18

Gustavo Werneck – President & Chief Executive Officer

Harley Scardoelli – Chief Financial Officer

GERDAU

3Q18 Highlights

Improvements in domestic and international markets, exchange rate and management's efforts leverage Gerdau's performance in quarter

Net sales: R$ 12.8 billion (+35%)

EBITDA: R$ 2 billion (+73%)

Adjusted net income: R$ 1 billion (6x higher)

Focus on priorities:

- Higher profitability and competitiveness

  - Best quarterly EBITDA of last 10 years

  - Double-digit margin in North America long steel operation

  - Austerity in CAPEX

  - SG&A expenses fall to lowest level ever

  - Growth in positive free cash flow

- Indebtedness

  - Net debt/EBITDA: 2.2x in 3Q18, not yet considering conclusion of sale of U.S. rebar units

Announcement of sale of operation in India

Conclusion of sale of rebar units in United States

Incorporation of new company Juntos Somos +

Positive outlook for 2019

Brazil

- Positive outlook for economic growth in 2019
- Recovery of industrial sector, gradual increase in real estate launches, investments in oil & gas and launch of urban mobility works
- Pressure from raw material and input costs should continue in 2019

International market

- Prices in 2019 should stay at current levels, but trade tensions remain a point of concern

North America

- Good economic performance expected to continue in 2019
- Low unemployment
- Section 232 continuity
- High utilization rate
- Infrastructure investments

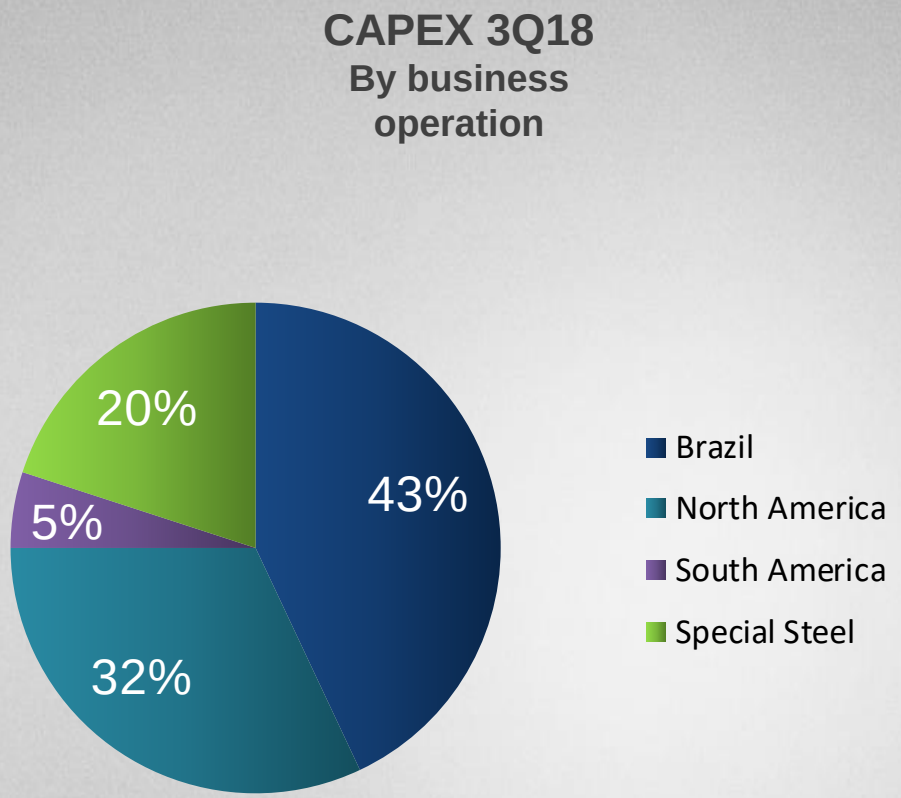
Special Steel (Brazil & United States)

- Brazil: auto industry post moderate growth
- United States: favorable outlook for auto, oil & gas industries and construction equipments

South America (except Brazil)

- Positive outlook for regional economy, led by Peru.

Investments in 3Q18 reach R$ 319 million





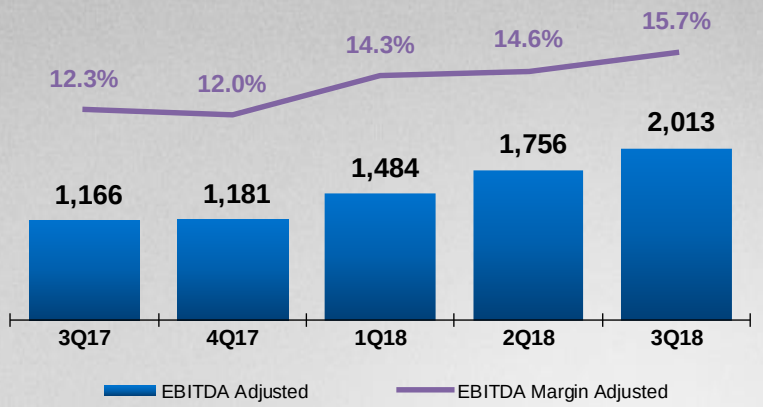
Financial Results

Gerdau S.A. Consolidated – IFRS

Company's highest quarterly EBITDA since 2008

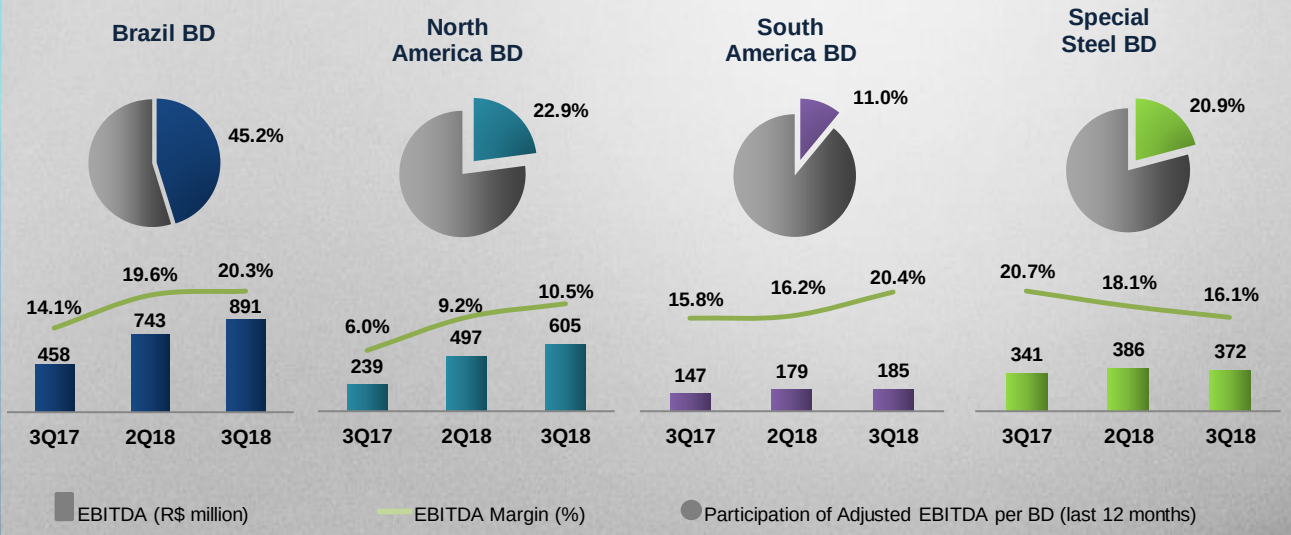
Adjusted EBITDA and adjusted EBITDA margin

R$ million and %



Adjusted EBITDA and adjusted EBITDA margin by BD

R$ million and %

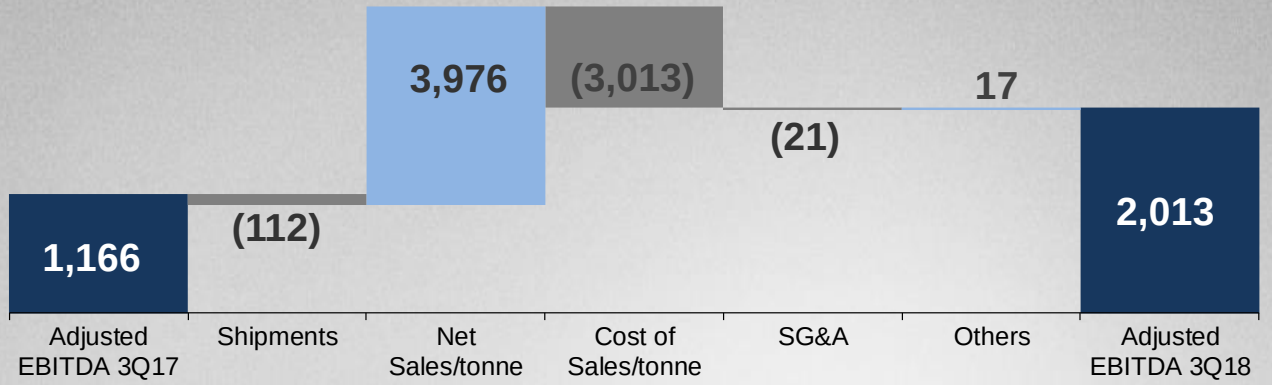


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Net Income growth was driven by stronger EBITDA

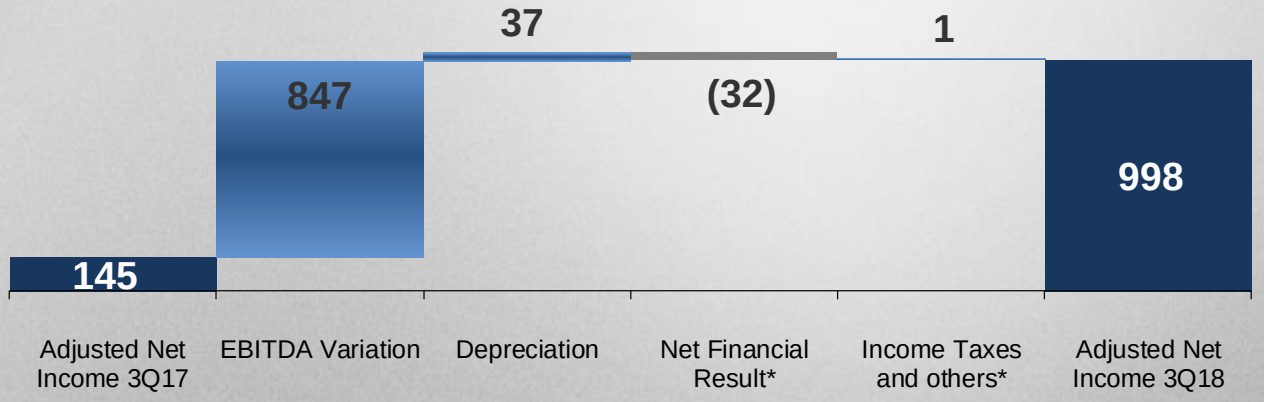
Evolution of Adjusted EBITDA

R$ million



Evolution of Adjusted Net Income

R$ million



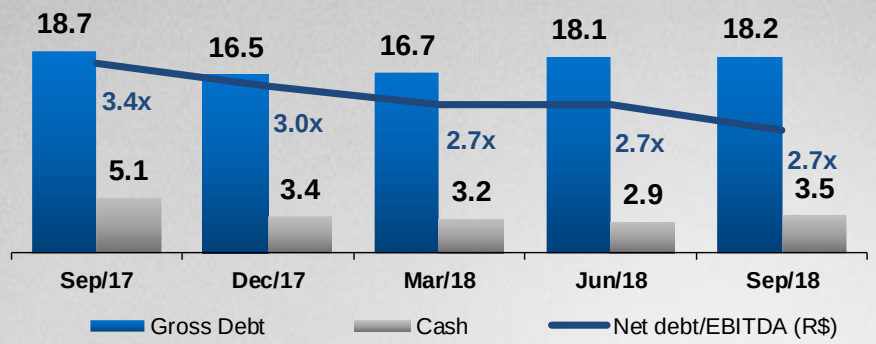
* Net of effects from Net Investment Hedge

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Net/Debt EBITDA reach best level since 2012

Debt and Leverage Ratio

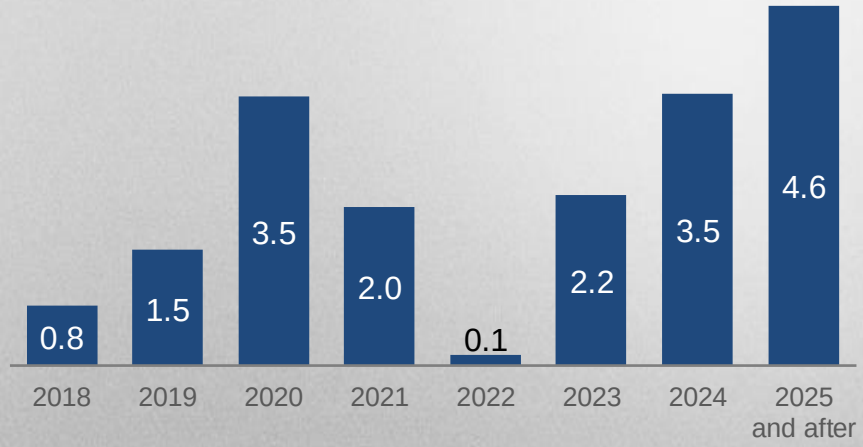
R$ billion



Average debt cost: 6.6%

Debt Amortization Schedule

R$ billion



Average debt term: 6.6 years

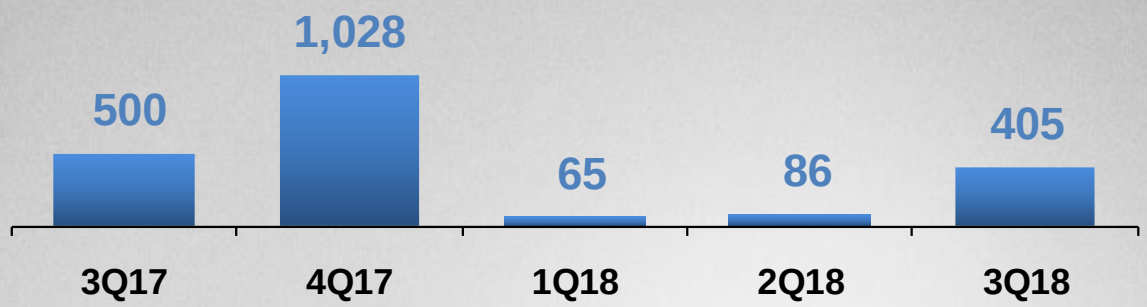
EBITDA LTM

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Positive FCF in last 12 months

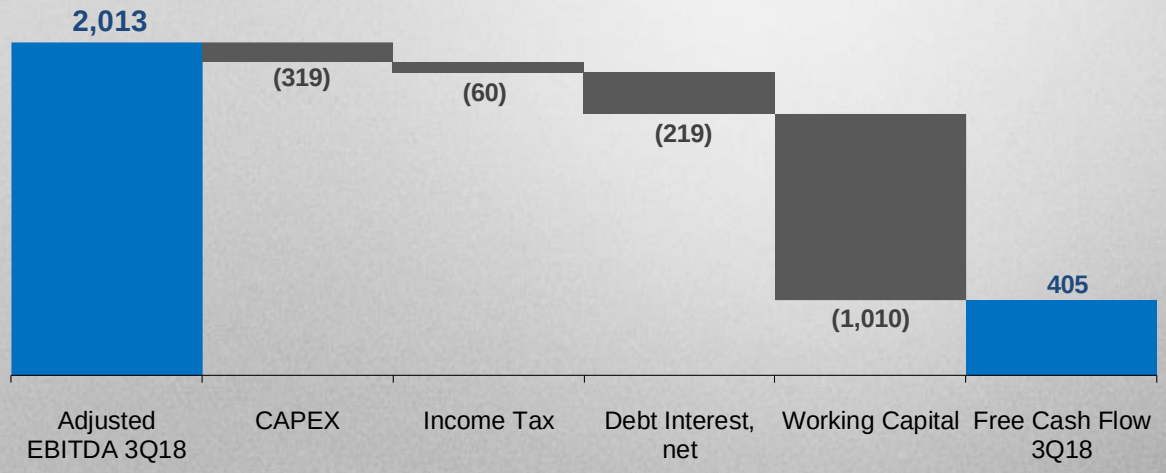
Evolution of Free Cash Flow

R$ million



Free Cash Flow 3Q18

R$ million



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Gerdau's focus

Profitability of operations

Free cash flow

Digital transformation

Earnings
Conference Call
4Q18

SAVE THE DATE

February 21

GERDAU