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CFO

Financial Overview

GERDAU
Stakeholder
Day 2023

Overview

A MORE CHALLENGING ENVIRONMENT IN THE SHORT TERM



Indicators¹

Mortgages loans



Real estate Inventory São Paulo



GDP Industry



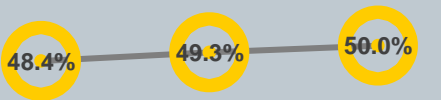
Light vehicle production



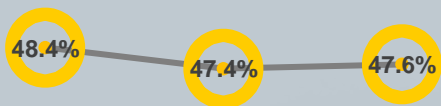
Heavy vehicle production



Architecture Billings Index



PMI



2022

2023F²

2023F³



Steel imports up 78% in July, according to Aço Brasil

Domestic sales by steel mills fell by 8.4% compared to the volume sold a year ago.

08/15/2023, 1:20 pm



Real Estate developers improve results in the 2nd quarter

Companies from all segments launched and sold more in the period compared to 2022; Cyrela, Even, Melnick and Tenda released earnings.

07/13/2023, 2:54 pm



S&P Global PMI

US manufacturers registered an accelerated downturn in June, the #PMI Reading down to 46.3 (May: 48.4). The marked decline in factory orders was central to his deterioration. Consequently, production tipped back into contraction territory.

07/03/2023, 4:14 pm



ABI July 2023

Architecture firm Billings remains flat.

08/23/2023, 10:00 am



Automakers at a standstill

At least 13 factories have been shut down this year.

05/13/2023, 2:10 pm

HIGHLIGHTS

Sustainable growth in 120+ years of history



Focus on the Americas

Operation in 9 countries



Growth with profitability

Initiatives aimed at guaranteeing the foundations for continued sustainable growth



Discipline in capital allocation

Commitment to investing our resources with a view to returning capital to shareholders



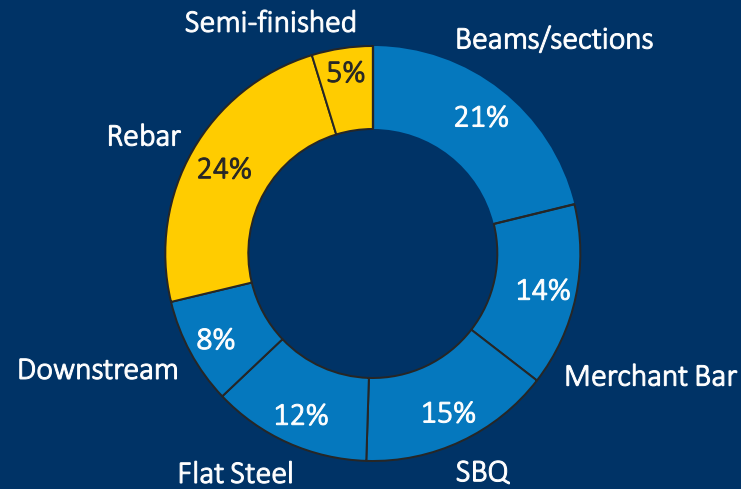
2014 - 2018

Divestments

R\$ 7.4 billion
Sale of operations and assets

High Added Value Portfolio

Shipments 2022, kt



Essential growth of the steel chain



Scrap



Mining



Energy



Asset
Modernization



Proximity
with customers

0.86

tCO₂/t steel

One of the global companies with the lowest level of emissions



Largest ferrous scrap recycler in Latin America

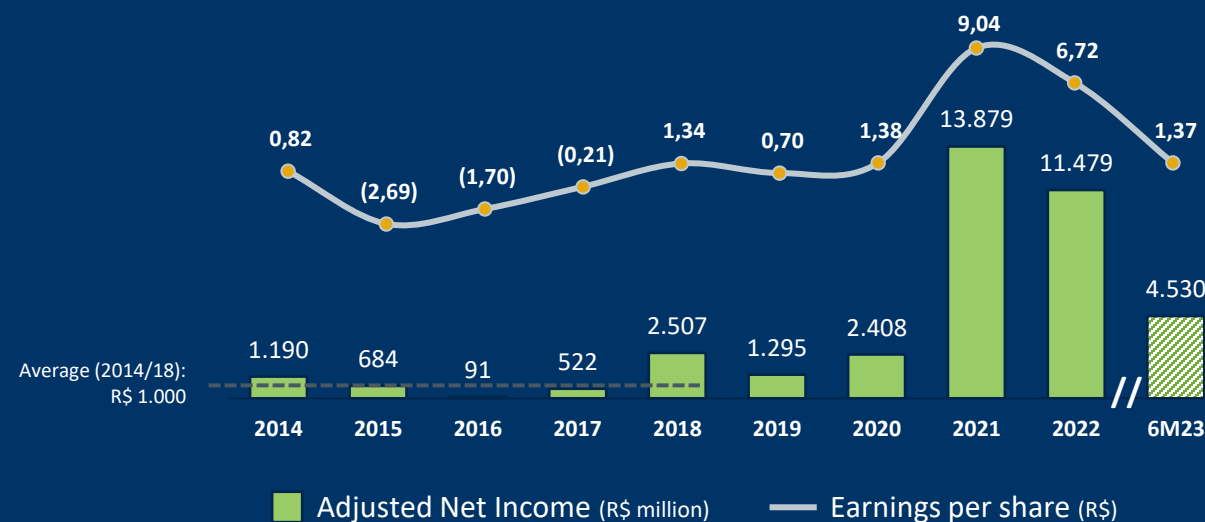
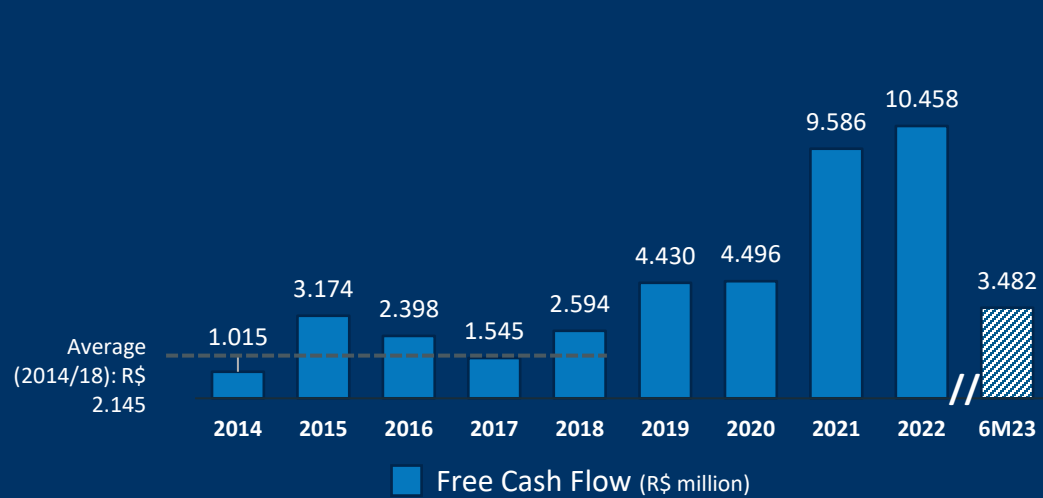
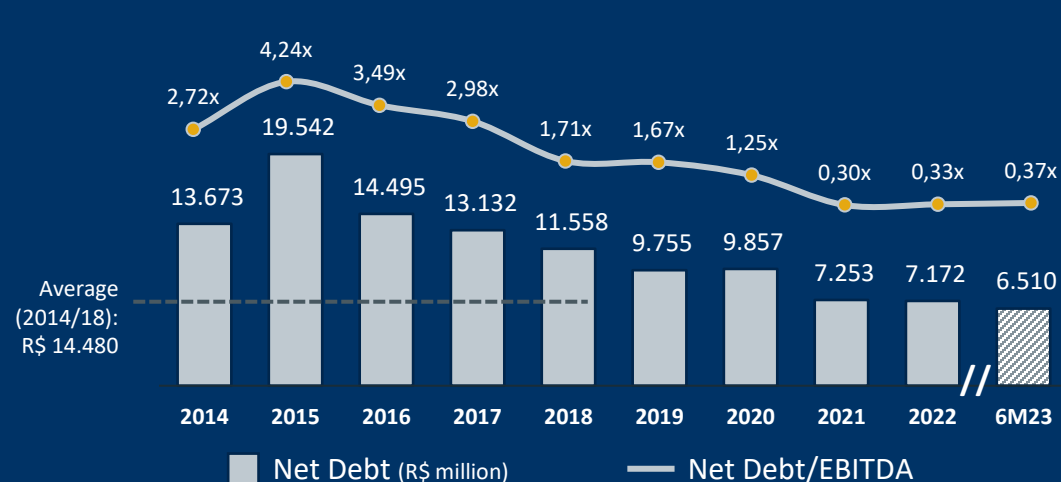
- Influence on management practices in the scrap recycling chain
- 70% production via EAF



2031 Agenda

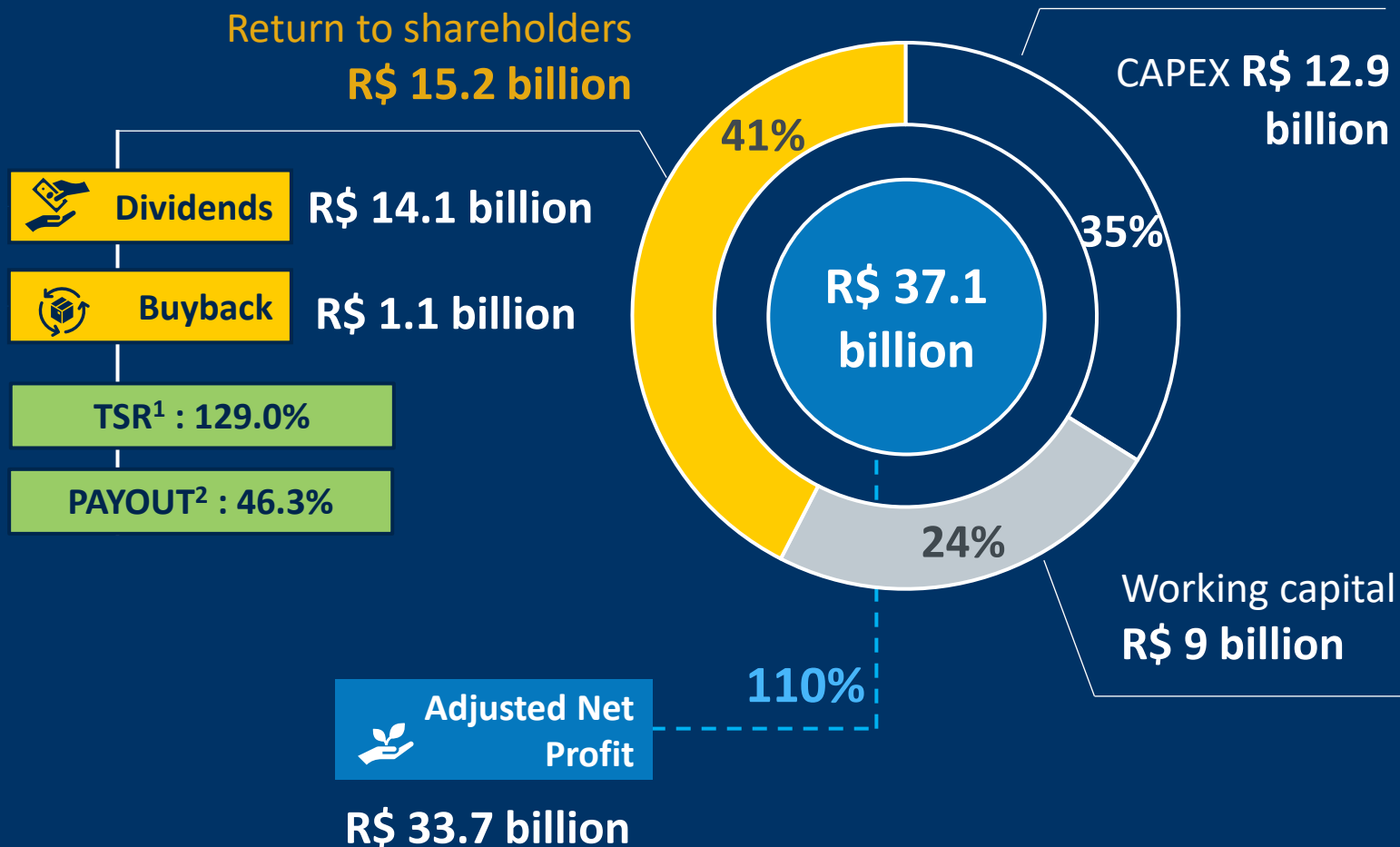
- Renewable energy
- Self-production of high-quality iron ore
- Seek greater operational efficiency
- Increased scrap processing capacity
- Replacing fuels with more efficient solutions

Business model that generates sustainable results



Capital allocation (2019-6M23)

FOCUS ON GENERATING VALUE TO SHAREHOLDERS: VIA DIVIDENDS AND INVESTMENTS IN THE GROWTH AND CONTINUITY OF THE BUSINESS



GROWTH AND COMPETITIVENESS

Maintenance - 65%

Expansion and technological updating - 35%

- BRAZIL: ~+750 K/TON³ CAPACITY
- NORTH AMERICA: ~+500 K/TON³⁴ CAPACITY
- SPECIAL STEELS: ~+190 K/TON⁴ CAPACITY
- SELF-SUFFICIENCY IN IRON ORE
- INCREASED SCRAP PROCESSING CAPACITY
- OWN FORESTS: +250 THOUSAND HECTARES


FOCUS ON WORKING CAPITAL MANAGEMENT:

- Third consecutive quarter of reduced inventory levels
- Outlook for the release of working capital in the coming quarters

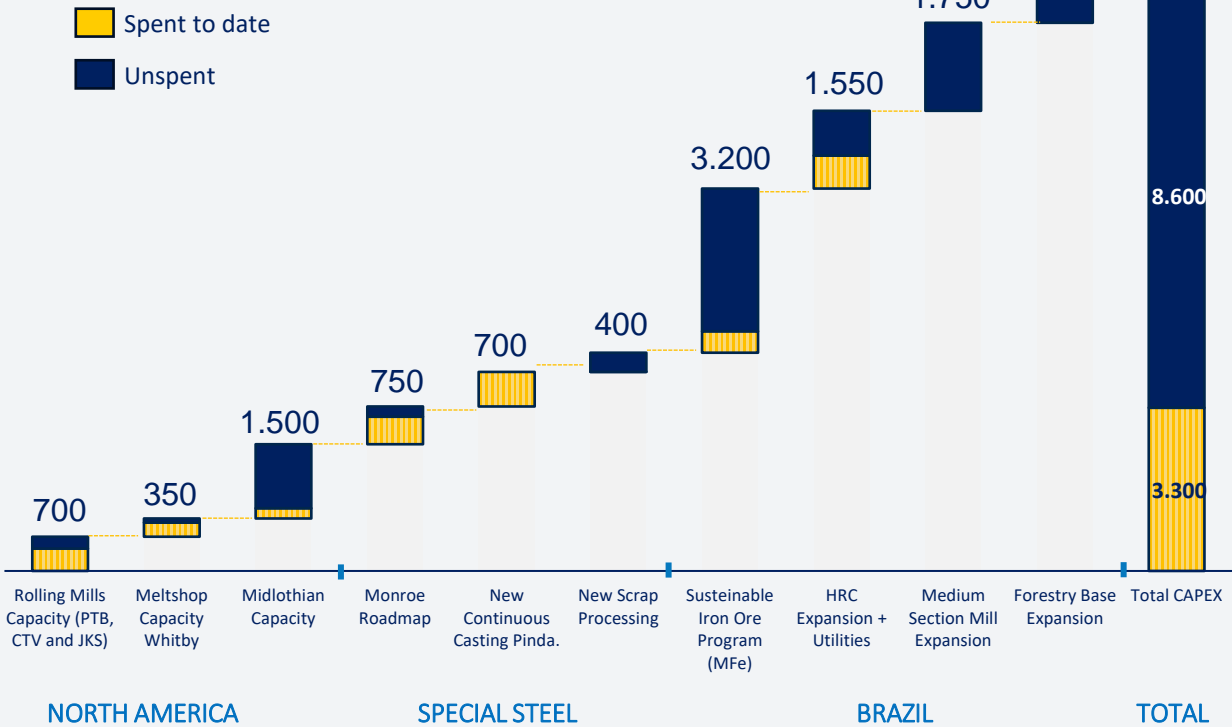
Optimization

Strategic CAPEX update

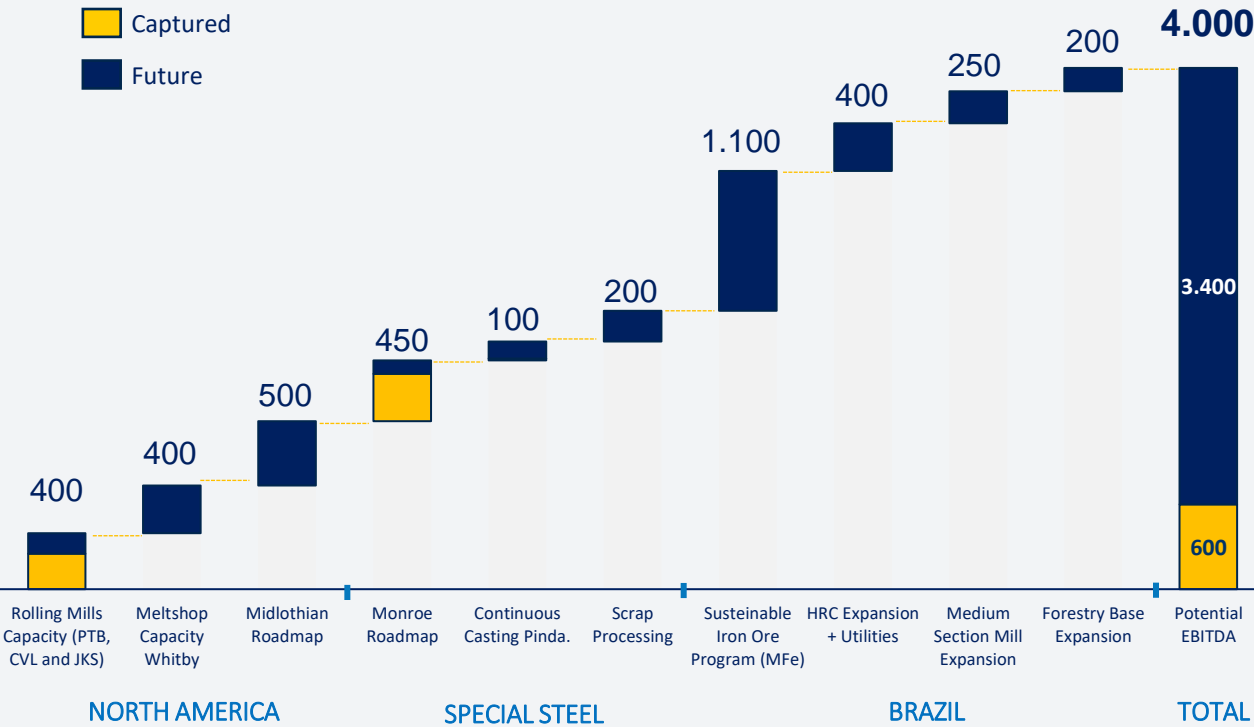
Potential to add of capacity:
**+700 kt crude steel and
+1.400 kt rolling steel**



Strategic Capex
2021 - 2026 (R\$ million - cumulative)



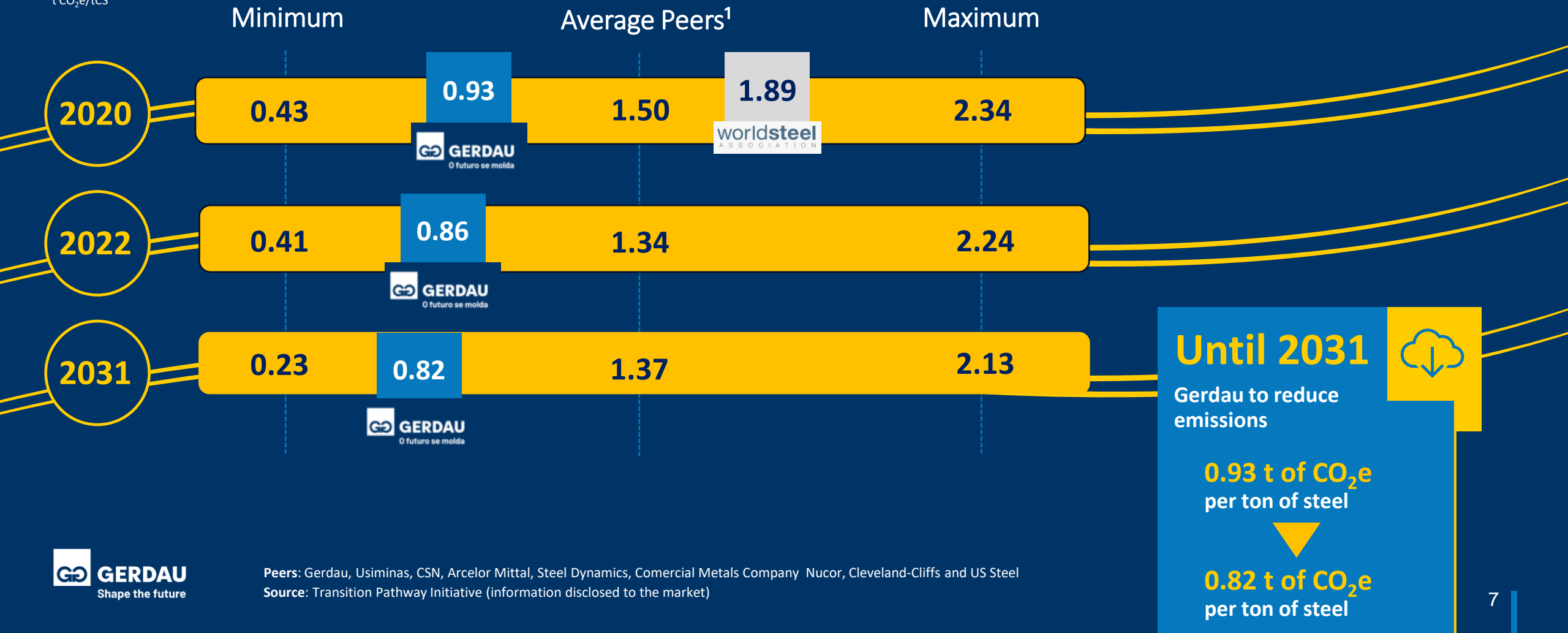
Potential Annual EBITDA Impacts
2021 to 2031 (Over the cycle – R\$ million)



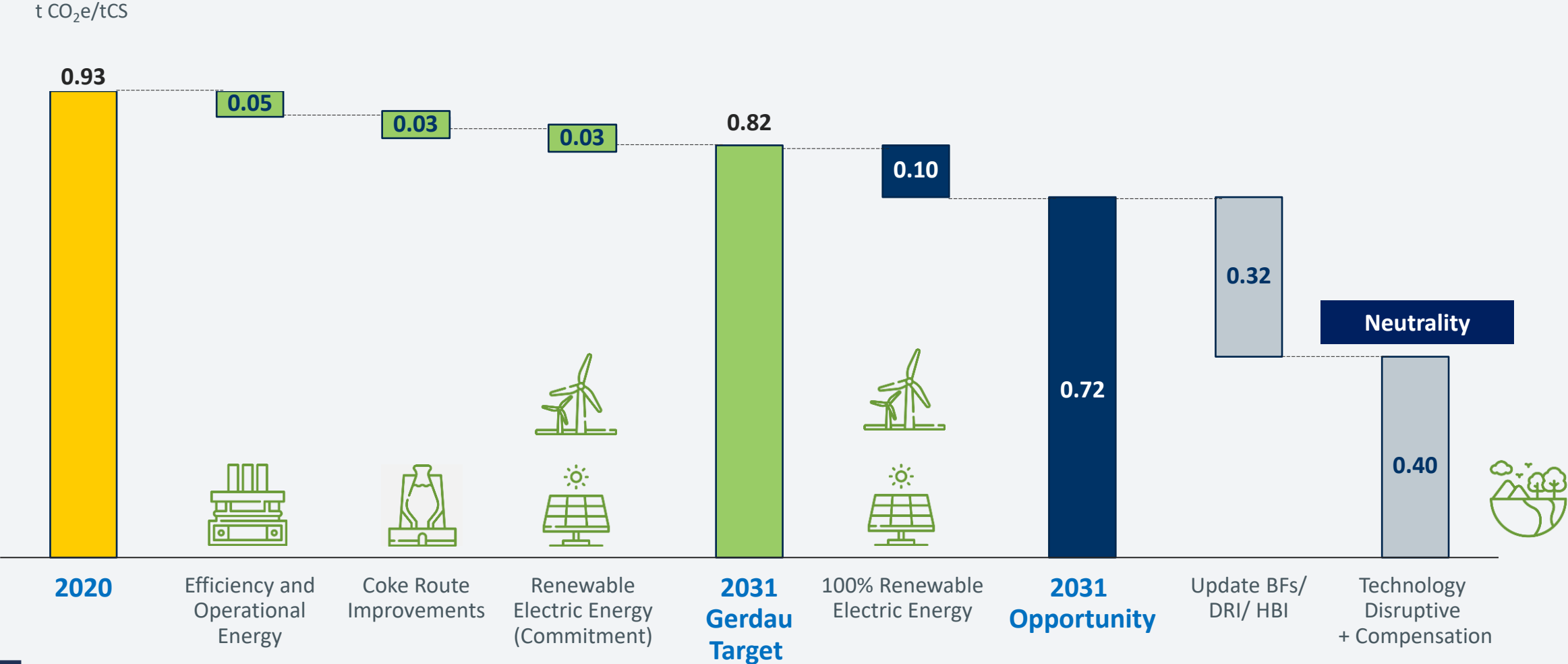
Gerdaud and the low-carbon economy: a differentiated position

According to the Transition Pathway Initiative (TPI), Gerdaud is aligned with the Paris commitments and is better positioned than its peers

t CO₂e/tCS



...on track to meet our commitment and beyond...



... through the journey of our operations

Brazil



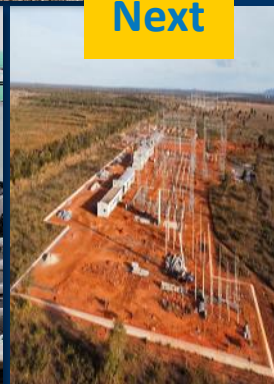
North America



Specials



Next



Brazil

- Sustainable Mining (Miguel Burnier)
- Future Blast furnaces



North America

- Ira/Infrastructure Bill/Chips Act: Gerdau Impacts and Positioning
- Midlothian Roadmap



Special Steels

- Hybrid and Electric Vehicles: Risks and Opportunities



Gerdau Next

- Renewable Energy
- Logistics