

# HIGHLIGHTS

- Net profit totals R\$ 3.3 billion, virtually the same as in 2004, with gross revenues reaching R\$ 25.5 billion, up 8.9%.
- Net debt is down 51.9% to R\$ 2.0 billion per year, while the average debt maturity is extended from four to nine years. Net debt is 0.4 times EBITDA, one of the lowest levels in the Group's history. This allows new investments to be made without compromising the Company's financial health.
- Shareholder return from the Group's listed companies in Brazil grows substantially. Dividend payments total R\$ 796.4 million for Gerdau S.A. and R\$ 364.1 million for Metalúrgica Gerdau S.A. Gerdau Ameristeel, the company responsible for the Group's North American operations, begins paying dividends in 2005, to the sum of US\$ 66.9 million.
- The project to expand installed capacity at Gerdau Açominas (state of Minas Gerais) from 3 to 4.5 million metric tons is underway. The investments in this project will total US\$ 1.2 billion.
- Gerdau expands its presence in South America by concluding the acquisition of the Diaco Group and Sidelpa in Colombia and increasing its holdings in the Sipar rolling mill in Argentina, where Gerdau now holds majority control. These investments reinforce the strategy of continued growth in the region's long steel sector.

- The acquisition of 40% of the equity of Corporación Sidenor, Spain's largest producer of specialty steel, ensures the Group's entry into the European market and opens an important channel into the large international automobile manufacturers. The operation was announced at the end of 2005 and completed in 2006.
- The increase in annual production capacity at Gerdau Aços Especiais Piratini (state of Rio Grande do Sul) to 500,000 metric tons of finished products ensures that the requirements of the Brazilian automotive industry can be met in full.
- Gerdau São Paulo (state of São Paulo) begins operations with an annual production capacity of 900,000 metric tons of steel and, as of the second semester of 2006, 600,000 metric tons of rebar for civil construction.
- The Group's global investment program for the next three years totals US\$ 3.8 billion, with resources allocated to the modernization and expansion of current industrial units.
- Gerdau Group social projects benefit 7.6 million people from throughout the Americas
- Environmental protection investments reach R\$ 186.6 million.