

# PERSPECTIVES

In forthcoming years, the Gerdau Group will maintain its strategy as a consolidating agent in the world steel sector, guided by the principle of investing in assets that generate added value and significant return for shareholders. Its strategic vision is to be a world-class international steelmaker, and it plans to keep the current growth rate.

The continuity of the Group's expansion trajectory is based on the solid financial performance achieved over the years and on the positive experience of acquiring new assets and boosting productivity over a short period of time. This capacity to add knowledge and results to the operations is due chiefly to the use of the best management technologies and to investments in technological upgrades in the industrial units.

In the Americas, the Gerdau Group is focused on the long steel market. In the specialty steel sector, however, the focus has become the world, with new assets in a number of continents being analyzed as business opportunities. An example of this is the acquisition of a 40% stake in Sidenor, Spain's main specialty steel producer, announced at the end of 2005.

## **EXPANSION OF ACTIVITIES**

The future of the Gerdau Group as an international player is directly related to the expansion of its activities.

Geographical expansion must necessarily involve the markets that currently represent the greatest challenges to the world steel sector, such as China and other Asian countries.

In addition, Gerdau Açominas (state of Minas Gerais) will increase its production of slabs in the coming years, strengthening supply from Brazil to meet international demand. Gerdau Açominas is chiefly focused on exports.

## **STEELMAKING SECTOR**

The expansion of Gerdau Group businesses follows the irreversible trend towards consolidation in the world steel sector. Steelmaking is undergoing a process that has already taken place in other industrial sectors, such as mining, aluminum, cement and auto manufacturing. This movement is occurring at an extremely favorable moment for the sector.

The result of this scenario has been an increase in the value of steelmaking assets, as most companies achieved good returns in 2005. Important raw materials, especially iron ore and coal, and international freight services have also increased substantially in price.

The Gerdau Group will continue working to achieve new levels of efficiency and positive results in any scenario, as it has done for over one hundred years.