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## GERDAU SWOT & PESTLE ANALYSIS

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**Company Name :** Gerdau

**Company Sector :** Steel

**Operating Geography :** Brazil, South America, Global

**About the Company :**

Gerdau is a leading producer of long steel in Latin America with headquarters in Porto Alegre, Brazil. The firm currently has a steel production capacity of 26 million metric tonnes per year and supplies steel to civil building, automotive, mining, agricultural, and other industries. Gerdau was founded by a German immigrant named Johannes Heinrich Kaspar Gerdau. He relocated to Porto Alegre and began working in manufacturing, purchasing the Pontas de Paris Nail Factory in 1901, which marked his foray into the steel industry. The company's core business is converting scrap steel and iron ore into steel goods. It is Latin America's largest recycler, converting millions of metric tonnes of scrap into steel per year, demonstrating its contribution to sustainable development in the regions where it operates. It manufactures forged and cast components in long carbon steel, long special steel, flat steel, and flat steel. Industry, metallurgy, agriculture and livestock, civil construction, automobile industries, petrochemicals, railway and naval sectors, as well as orthodontic, medical, and food sectors, all use these materials and it also serves as the exclusive supplier of speciality steel to the global automotive industry. Gerdau's integrated and semi-integrated steel mills are located in 13 countries around the world. Porto Alegre, So Paulo, Tampa, Whitby, Polanco, Lima, Caracas, Bogota, Jackson, and Bangalore are among Gerdau's main offices. As of early 2022, Gerdau has 30,000 employees.

Gerdau's Unique Selling Proposition or USP lies in it being Brazil's largest steel manufacturer, as well as one of the world's leading producers of long steel and special steel. Its mills use effective and environmentally friendly production methods, such as electric arc furnace (EAF) technology, making its steel one of the most environmentally friendly choices available. Gerdau's mission statement reads, "Gerdau is committed to protecting the environment. We are happy to share that 98% of Gerdau's steel comes from recycled scrap metals such as used cars and appliances. Steel is a sustainable material that can be continuously recycled and never has to end up in a landfill".

**Revenue :**

\$14.49 billion - FY ending 31st December 2021

\$9.31 billion - FY ending 31st December 2020

**SWOT Analysis :**

The SWOT Analysis for Gerdau is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1. Growing revenue and profits over the years reflects has strong finances</li> <li>2. Company offers diversified product mix for the clients</li> <li>3. Vertically integrated operations enable operational efficiency and lower costs</li> <li>4. Strategic investments into startups using its own Paris Ventures firm may improve productivity of the processes</li> </ul>	<ul style="list-style-type: none"> <li>1. Production costs are affected by price volatility of raw materials</li> <li>2. Lack of mining reserves to source the raw materials</li> <li>3. Gerdau's level of indebtedness can affect the ability to raise additional capital</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1. Rising infrastructure investment by President Bolsonaro</li> <li>2. Digital transformation initiatives can improve productivity</li> <li>3. Growing economy of Brazil may increase demand for steel</li> </ul>	<ul style="list-style-type: none"> <li>1. Intense competition from foreign and local players in Brazil</li> <li>2. Cyclicity and seasonality of steel demand</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for Gerdau is given below:

<p style="text-align: center;"><b>Political</b></p> <p>1. Political instability of Brazil may affect companies operating here</p>	<p style="text-align: center;"><b>Economical</b></p> <p>1. Demand for steel is cyclical which may affect production</p> <p>2. Impact of COVID 19 and economic crashes on steel industry</p> <p>3. Raw material prices and its variability affect production costs</p>
<p style="text-align: center;"><b>Social</b></p> <p>1. Gradual urbanisation of Brazil may keep the demand of steel rising</p>	<p style="text-align: center;"><b>Technological</b></p> <p>1. Impact of industry 4.0 to the Brazilian economy</p>
<p style="text-align: center;"><b>Legal</b></p> <p>1. Steel industry has to abide by the labour laws in Brazil</p> <p>2. Mining laws in Brazil need to be adhered by Gerdau</p>	<p style="text-align: center;"><b>Environmental</b></p> <p>1. Regulations on emission standards and climate change can affect company's operations</p> <p>2. Gerdau is bound to follow the environmental legislations of all locations it operates in</p>

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