

To whom it may concern:

Santo Domingo, Dominican Republic, August 2018

Gerdau is a leader in the Americas' long steel market, and one of the main suppliers of specialized long steel products in the world, as well as being the largest recycler in Latin America and the world. **Gerdau** has over 45 thousand employees and industrial plants in 14 countries across the Americas, Europe and Asia. In the Dominican Republic, **Gerdau MetalDOM** is an important producer and leads the steel markets in the Central American and Caribbean regions.

Between January and August 2018, Gerdau MetalDOM developed the "Atrévete" project in conjunction with London Consulting Group which focused on developing optimization and process productivity initiatives in several key departments. Some of the most important initiatives that were developed in those departments were:

Sales Department:

- 2.7% increase in sales due to initiatives that strengthened the commercial, sales, and supervision processes.
- 20% increase penetration in the product hierarchies per client.
- 53% improvement in the visiting plan's fulfillment rate and the sales plan.

Purchasing Department:

- 7% improvement in purchasing costs due to negotiations with suppliers.
- The new restocking model optimized the purchasing process which resulted in a 16% improvement.
- 40% improvement in the purchasing management time.
- 24% increase in the suppliers' OTIF.
- Implementing new parameters for the inventory restocking model.

The project was concluded successfully, within the agreed time frame, and it generated a return on investment of **2.3 to 1** by the end of July, with a forecasted ROI of **5.9 to 1** by this time next year. The project has exceeded our initial expectations due to the professional work carried out by both the Gerdau MetalDOM personnel and London Consulting Group's team.

The manner in which change was managed, the training process, the dedication displayed by the members of the team, as well as the methodology and the way it was applied according to the different stages of the project, allowed us to achieve qualitative and quantitative results. Due to this, we are happy to recommend London Consulting Group as a professional and committed firm which positively changes the organization's work culture through their implementation of practical solutions, their leadership and their commitment to achieving tangible results in a short amount of time.

Sincerely:



Rodrigo Belloc Soares
CEO - Gerdau Diaco & Gerdau MetalDOM



Carlos F. Vanegas Ramirez
CEO - Gerdau Diaco & Gerdau MetalDOM

To whom it may concern:

Bogota, Colombia, August 2018

Gerdau is a leader in the Americas' long steel market, and one of the main suppliers of specialized long steel products in the world as well as being the largest recycler in Latin America and the world. **Gerdau** has over 45 thousand employees and industrial plants in 14 countries across the Americas, Europe and Asia. In Colombia, **Gerdau** has with the largest product portfolio of long steel, is the largest producer in the national market, covers more of the national market than any other company, and is the main largest recycler of scrap metal.

Between January and August 2018, Gerdau Diaco developed the "Atrévete" project in conjunction with London Consulting Group which focused on developing optimization and process productivity initiatives in several key departments. Some of the most important initiatives that were developed in those departments were:

Steel Mill:

- 1% increase in the production volume which represents an increase of \$300,000 USD.
- 0.2% increase in the scrap metal's yield.

Lamination:

- 14% increase in lamination production for Rolling Mill 2 and Rolling Mill 3.
- 1.1% increase in the metallic yield achieved by Rolling Mill 2 and Rolling Mill 3.

Maintenance:

- 23% reduction in the steel mill's Maintenance Power Off.
- 7% reduction in Rolling Mill 2 interruptions.
- 36% reduction in predetermined stop extensions.

Sales Diaco:

- 4% increase in sales to the Construction, Distribution and Industrial channel(s).
- 21% increase in sales to the Distribution channel's strategic clients.

Sales Cyrgo:

- 4% increase in sales made by impacted branches.
- 41% reduction in low turnover inventory.
- 1.7% increase in sales due to Cross Selling.

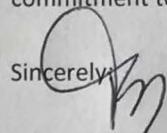
S&OP:

- 3.2% reduction in Stock Out.
- 15% increase in the rolling mills' laminating production due to the implementation of the hourly output concept.

The project was concluded successfully, within the agreed time frame, and it generated a return on investment of **3.5 to 1** by the end of July, with a forecasted ROI of **10.3 to 1** by this time next year. The project has exceeded our initial expectations due to the professional work carried out by both the Gerdau Diaco personnel and London Consulting Group's team.

The manner in which change was managed, the training process, the dedication displayed by the members of the team, as well as the methodology and the way it was applied according to the different stages of the project, allowed us to achieve qualitative and quantitative results. Due to this, we are happy to recommend London Consulting Group as a professional and committed firm which positively changes the organization's work culture through their implementation of practical solutions, their leadership and their commitment to achieving tangible results in a short amount of time.

Sincerely,



Rodrigo Belloc Soares

CEO - Gerdau Diaco & Gerdau Metaldom

Santo Domingo, Dominican Republic, October 2018

To whom it may concern:

Gerdau is a leader in the long steel market in the Americas and one of the main suppliers of specialized long steel products in the world, as well as being the largest recycler in Latin America and the world. Gerdau has over 45,000 employees and industrial plants in 14 countries across the Americas, Europe and Asia. In the Dominican Republic, **Gerdau Metaldom** is an important producer of steel and leads the Central American and Caribbean market.

During 2018 Gerdau Metaldom developed, in conjunction with **London Consulting Group**, the **"Atrevete"** (Go For it) Project. The project developed initiatives which focused on optimizing and improving productivity in several processes. A key aspect of the project's success was the **Human Development Program** which enabled the organization's key personnel to improve their openness towards changes.

We hereby like to recognize **London Consulting Group's Human Development** department for their excellent work as leaders of the Human Development program which was directed towards the personnel within the **"Atrevete"** Continuous Improvement Project. Some of the activities which were undertaken were:

- ▼ **Communications Program:** This program, through the use of newsletters and communication channels, managed to generate awareness of changes planned, as well as prepare, convey, and sustain those changes once made. It also constantly maintained the project's personnel, along with the rest of the organization, informed on the progress, initiatives, and results of the project. Through the **"Team Contract"** we were able to promote values, behaviors, and attitudes which were critical for the project's success.
- ▼ **Managerial Skills Seminar:** Sessions were developed which addressed five key topics in order to strengthen both managerial and leadership skills. Over 150 hours of seminars took place in 4 locations in 2 countries (Dominican Republic and Colombia) which impacted over 160 leaders in the organization.
- ▼ **Individual Follow Up and definition of action plans:** To ensure that the knowledge gained was transferred into the field, 77 key project personnel members were accompanied throughout their daily routines. Actions plans, as well as their observable behaviors, were defined with 33 of those members and a network of "supporters" was established in order to generate accountability with regard to their managerial skill's objectives.

Without a doubt, this program has been very important to our organization. The increased level of openness towards change, along with the new set of skills that were acquired, greatly improved our personnel's leadership skills. Due to this, we highly recommend **London Consulting Group's Human Development** department for their professionalism, commitment and effectiveness in developing a program of this nature.

Sincerely:



Rodrigo Belloc Soares
CEO - Gerdau Diaco & Gerdau Metaldom



Ingrid Lapaix
HR Director - Gerdau Diaco & Gerdau Metaldom

Santo Domingo, Dominican Republic, December 2018

To whom it may concern:

Gerdau Metaldom is an important producer of steel and leads the Central American and Caribbean market. Between June and December 2018, we developed the “**Atrevete**” (Go For it) project in conjunction with London Consulting Group, which generated significant impacts for **Gerdau Metaldom** in the Dominican Republic. Some of the achievements and results obtained within the industrial area were:

Production:

- 2.5% increase in Rolling Mill production due to an increased production time availability (between June and November 2018).
- 17.6% reduction in fixed production cost and 17.7% reduction in the variable cost (on selected expenses) through the implementation of cost control initiatives and a new management model in the steel production lines.

Note: the estimation could include benefits or variations not attributable to the project, such as energy price and commodities.

- 10% increase in the steel production line’s productivity through improvements made to the supervision process.
- Power BI platform implementation to support industrial management and decision-making process.

Maintenance:

- 26.2% reduction in Rolling Mill unplanned stops due to improved preventive maintenance planning and follow-up.
- 47.6% reduction in unrealized maintenance operations.
- Increase of 8 p. p. in the maintenance plan compliance due to improvements made to the work orders assignment process.

Sales and Operations Planning - S&OP:

- 35% reduction in lost sales due to stock-out, since June 2018.
- 30% reduction in the rolling mill changeovers
- Increase of 1.1 p.p. in the metal yield from the Cutting and Bending process due to improvements in the production programming.
- Defining the inventory coverage policy and strengthening the rolling forecast process.

The project was successfully concluded within the established time frame, generating a return on investment at the end of November of **1.5 to 1**, with a forecasted return of **5.2 to 1** after 12 months’ time. These results have surpassed our expectations, thanks to the professional work carried out by both the Gerdau Metaldom personnel, and London Consulting Group’s team.

The way change was managed, the training process, the dedication displayed by the team members, as well as the methodology and the way it was applied according to the different stages of the project, allowed us to achieve both qualitative and quantitative results. We are happy to recommend London Consulting Group as a professional and committed firm which generates positive cultural changes through their implementation of practical solutions, their leadership skills, and their commitment towards achieving tangible results in a short period of time.



Rodrigo Belloc Soares
CEO - Gerdau Diaco & Gerdau Metaldom



Carlos F. Vanegas Ramirez
CFO - Gerdau Diaco & Gerdau Metaldom