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M.7973 - GERDAU / SUMITOMO / JV

SECTION 1.2

Description of the concentration

The present transaction concerns the formation of a joint venture (the “JV”) in Brazil between Gerdau S.A. (“Gerdau”), Sumitomo Corporation (“SC”) and The Japan Steel Works, Ltd. (“JSW”). The formation of the JV amounts to an acquisition of joint control by Gerdau and SC under the EU Merger Regulation (“EUMR”). The JV will be established in Brazil and the JV’s activities in the EEA will be limited.

The JV will manufacture and sell:

- (i) forged and cast RMRs; and
- (ii) forged steel products such as main shaft and rings for bearings mainly for wind turbines, sugar cane, mining, cement, electric or steam generators, oil and gas businesses.

The JV will also provide forging, heat treatment and machining services in Brazil.

Gerdau is a Brazilian steel producer with industrial operations in 14 countries throughout the Americas, Europe and Asia. Gerdau is the leading manufacturer of long steel in North and South America and Brazil’s largest producer of long rolled steel.

SC is a Japanese full-service trading company operating on a global basis. SC purchases and sells goods and provides agent/finder services. SC is also active in financing, planning, coordination and operation of urban and industrial infrastructure projects, consulting in areas such as system integration and technology development as well as transportation and logistics.

JSW is an integrated producer of steel materials and machinery for a variety of industries from heavy and chemical industries such as electric power, steel, shipbuilding, and petrochemicals, to automobiles, electric machinery and information equipment.