

Conference Call Transcript
Gerdau
4Q25 Results

Ariana Pereira:

Good morning and welcome to Gerdau's 4Q25 results presentation.

I am Ariana Pereira, specialist with Investor Relations, and it is a pleasure for me to be joined by our CEO, Gustavo Werneck, and our CFO, Rafael Japur.

Please note that this call is being simultaneously translated into English, and you can choose your preferred language by clicking on the globe icon at the bottom of the screen.

During the presentation, all participants will be in listen-only mode, and then we will begin the Q&A session. Analysts and investors can join the queue by clicking on the "raise hand" button.

It is worth noting that the forward-looking statements contained herein are based on the Company's beliefs and assumptions, based on information currently available.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that may or may not occur.

I will now turn the floor over to Gustavo to begin the presentation.

Gustavo Werneck:

Good afternoon, everyone.

I hope you are all well, and thank you for joining us again for another earnings release presentation.

We will briefly comment on the highlights of the last quarter and also the year 2025, as well as the outlook for our operations, and then we will move on to the Q&A session.

The year 2025 was marked by distinct scenarios in the main regions where we operate: North America and Brazil.

In light of this, I would like to emphasize that Gerdau has greatly benefited from its business model based on geographic diversification and production flexibility.

Moreover, I would like to highlight the resilience of the North American market, which has seen strong steel consumption and a reduction in import levels, as well as the robust operating performance of our operations in the region.

Even in the fourth quarter, when there is typical year-end seasonality, we achieved solid results.

In December 2025, and we even posted record shipments in North America. Meanwhile, in Brazil, the market reached a new record for steel imports in 2025, with a 7.5% increase in shipments year-over-year.

Despite important advances in trade defense measures, such as the recent inclusion of new

NCMs in the list of products covered by the 25% import tariff and the implementation of anti-dumping tariffs on cold-rolled steel, this unfair import scenario has impacted the profitability of our operations in the Brazilian market.

On the other hand, I would like to highlight the progress of our new sustainable mining platform in Miguel Burnier, in the city of Ouro Preto, in Minas Gerais.

The project is about to go into operation and will contribute to a significant reduction in production costs at our Ouro Branco unit.

I will now turn the floor to Rafael Japur, who will elaborate on the financial highlights and the impacts of this current scenario on our results.

Rafael Japur:

Thank you, Gustavo.

Hello and good morning, everyone. It is also a great pleasure to be here with you for the presentation of the fourth quarter of 2025.

We ended 2025 with EBITDA of R\$10.1 billion, down 7% when compared to 2024 results, mainly reflecting a still challenging environment in Brazil, marked by increased competition.

On the other hand, our operations in North America continued to gain relevance, supported by resilient demand and excellent operating performance, significantly contributing to the Group's consolidated and overall results.

Having said that, I would like to highlight four points related to this quarter's results.

First, in the fourth quarter, our net income was impacted by non-recurring items related to impairment losses in Brazilian units in the amount of R\$2.0 billion.

It is also important to note that these write-offs have no cash effect.

Excluding these effects, Gerdau's adjusted net income in 2025, in our view, which more accurately reflects the operating performance for the period, stood at R\$3.4 billion, down 21% when compared to the previous year.

Secondly, regarding Gerdau's investments, we carried out CAPEX in 2025 of R\$6.1 billion.

Now, for 2026, as already disclosed, our guidance is R\$4.7 billion, representing an important reduction of R\$1.4 billion, and we understand that this will bring more flexibility to our free cash flow generation in 2026.

This is the third topic that I would like to highlight.

Even with a very strong pace of investments in Miguel Burnier, with our mining expansion project, we achieved in this fourth quarter a very strong free cash flow generation of R\$1.4 billion.

As a result, the annual cash flow generation for the last twelve months, which was negative until then, is now positive and stood at R\$394 million in 2025.

Part of this cash generation was earmarked for reducing our debt, and as a result, we ended the year with leverage of 0.76x net debt over EBITDA, a level that we consider to be extremely sound.

Our resilient business model, combined with caution in capital allocation, allowed us to grow significantly without sacrificing shareholder returns.

As evidence of this, throughout 2025, we paid out R\$2.4 billion in dividends and share buybacks.

Finally, in addition to completing our buyback program initiated in December 2025, which we had already announced last December, yesterday we announced the launch of a new buyback program for Gerdau S.A.

It will cover approximately 2.9% of the Company's outstanding shares, which, at current market prices, represents the equivalent of approximately R\$1.2 billion.

I will end here and join Gustavo for the Q&A session.

Gustavo Werneck:

Thank you, Rafael.

Still speaking about Brazil, we expect moderate growth in demand in 2026, even despite the excessive influx of imported steel in the local market.

I would like to point out that we are more optimistic about the progress of the trade defense measures recently announced by the federal government to combat unfair competition from imported materials, as well as the transparent and ongoing dialogue that the steel industry has maintained with the pertinent agencies.

Meanwhile, in North America, we continue to see stable steel consumption at high levels, with order backlogs above historical averages.

The outlook for steel demand from sectors such as solar energy, data centers and infrastructure remains positive.

I will now hand the floor back to Ariana, and Rafael and I will be available to answer your questions.

Daniel Sasson, Itaú BBA:

Good morning. Thank you, Ariana. Rafael and Gustavo, it is always good to speak with you.

My first question has to do with the outlook of the Brazil business margins.

You spoke about some stability expected for Q126, and I would like to have your view about the trajectory over the year, starting with a somewhat weaker base, but with Miguel Burnier ramping up in the second half of the year.

Could we expect a different trend?

Normally, we have worse seasonality at the end of the year, and do you think you can end 2026 with an EBITDA margin in double digits, although perhaps double digits for Brazil would be too

optimistic, depending on more aggressive measures regarding prices, etc.?

My second question is about impairment.

For more than five years, you did not have very relevant or substantial write-offs.

Could you give us more detail on the more conservative assumptions used to project the cash flow of some assets?

What made the difference here: level of utilization, price levels, or lower growth expectations for the coming years?

And in Brazil, some of your competitors may ramp up their own capacity.

Will Gerdau consider closing down more capacity, in addition to what you have done in the last few years when you adjusted your footprint?

Thank you.

Rafael Japur:

Good afternoon, Daniel.

Excellent to start the call addressing what I would call the elephant in the room, which is the outlook for 1Q26.

We realized there were some comments in the market, with people somewhat surprised by our expectation of maintaining margins in the first half of the year.

There are some points here.

First, we have a year with fewer business days compared to others, because there are many holidays, including the FIFA World Cup, and that has an impact on our economic activity.

In addition, rainfall was stronger in the Southeast, particularly in Minas Gerais, compared to prior years.

Also, considering consumption sectors such as the automotive industry, we have unfavorable data.

For example, in January, vehicle manufacturing started 12% lower compared to January 2025, which matches the high level of inventory of imported vehicles in Brazil.

This also matches with data published recently on domestic sales of long and flat steel, which were lower in January 2026 compared to January 2025.

So a stronger resumption of volumes is something that we are not seeing at this moment.

Regarding our costs and margins, although we see prices that, on average, are better than we had in 4Q25, there are still some cost pressures that we see, both in the short term and in the long term, that may take a chunk of the margin we would otherwise have with more competitive prices.

And here we have the coal theme.

We are not as exposed to coal as other companies listed in Brazil, since most of them are integrated, but roughly half of our operation in Brazil is concentrated in the Ouro Branco unit.

When we model it, about 20% of our Brazilian costs have a relationship with the cost of coal.

From 4Q25 to 1Q26, coal costs increased substantially.

It is true that we have a long lead time, between 90 and 180 days, between the increase in coal prices and this being passed through to our results, but we see that this will cause some level of pressure on our variable costs.

Putting all of this together, we understand that we will have an environment of better prices, but with costs under some pressure and volumes not increasing significantly to improve operating leverage.

I will hand it over to Gustavo. Would you like to add anything about the Brazilian outlook?

Gustavo Werneck:

Go ahead. If I have anything to add, I will do it in the end.

Rafael Japur:

Now, regarding impairment. It has something to do with the Brazilian conditions.

When we run our annual tests, according to our accounting policy for recovery of PP&E, we run a number of tests considering the future cash flow of our business operations, taking into account foreign exchange assumptions, profitability of the businesses and utilization of our capacity.

When we compare the set of assets in the Brazilian business, it justifies reviewing some of the assets that we have on our balance sheet.

Some plants were hibernating and were depreciating slowly, because we did not have a clear definition of not returning these units.

Some other units were not operating at full capacity — they were far from it.

You can see that our utilization rate is below 60%, and in terms of the melt shop, operating is lower than 75%.

So clearly, we see a high level of idle capacity.

Unless we have a significant increase in demand and profitability levels, we do not see a reason to maintain part of these assets.

It is a small amount compared to the total PPE that Gerdau has.

We are talking about something around R\$350–400 million.

But we understand that, with a more challenging foreign exchange, a more challenging market

and a more challenging macro scenario, this was the moment to reflect these results in our accounting.

That is why we had the impairment.

Gustavo Werneck:

Ok, Rafael. Still on the margins, on the first question, it is reasonable to imagine that if everything is constant in the second half we should see any improvements in the margin.

At least, in the private cost, in Miguel Burnier, absolutely.

Now, answering the second part of your question.

When we talk about stability of margins, we are referring to something around 7%.

We do not think it is unreasonable to have, in the second half, or perhaps on a full-year basis, a double-digit margin.

It is not unthinkable.

It depends on our ability to deliver the Miguel Burnier project and on whether trade defense mechanisms and market dynamics do not deteriorate further. There are things that can happen.

This is an election year, and there may be some volatility in some of our target markets.

It is something we will monitor over the year.

Regarding the possible closing down of further capacity, when we talk about low utilization, it is possible, from a technical standpoint, to think about closing additional operations.

But the issue is that we have such a variety of products manufactured at these mills that, if we remove capacity now, we may not be able to supply the market in some of those segments.

Our plan for 2026 does not include closing down any more capacity.

What we had to do, we did last year.

Of course, over the next few years, depending on how things progress in Brazil, there is always a possibility, technically speaking, to reconfigure assets.

We can make investments, particularly in rolling mills, to make them more flexible.

But looking at the short term, in 2026, we are not considering closing down any more capacity.

Our expectation of cost reduction and optimization in Brazil will not come from closing mills.

Daniel Sasson:

Thank you very much, Japur and Gustavo.

Rafael Barcelos, Bradesco:

Thank you, Ariana, Werneck and Japur, for the opportunity.

My first question is: we have seen the United States posting very strong results, kind of contrasting with Brazil, and this has already been discussed here.

But in this quarter, South America was a negative surprise.

You talked a lot about Brazil and gave guidance there, but I would like to understand more about South America and your expectations for the year and the quarter.

What can you tell us to help us understand the future results?

My second question is about the United States, which is indeed what has impressed investors the most, posting very strong results.

We are following metal spreads, and it seems that we are going to see even greater margins in 1Q26.

However, when talking with some local players, they tend to be less optimistic, which is natural, because margins and prices increased, but parity of some products seems stretched in the region.

If you could speak about the United States, what you are seeing in terms of sustainability of profitability and the main drivers.

And since this segment is really standing out, some investors consider a possible listing of the North America operation.

If you can comment on that, we would appreciate it.

Rafael Japur:

Starting with South America.

In this specific quarter, we had a specific effect in Argentina.

To maintain the level of utilization of our unit there, we had a greater volume of exports, which ended up increasing our costs, because we had higher logistics expenses that go into our cost line and this impacted our profitability.

We do not expect to maintain the same level of exports from Argentina this year.

So we are expecting a normalization and recovery of margins in our South America operations already in the first half of the year, and continuing into the second half.

Something in the mid-teens would make more sense for the South America operation, similar to what we saw on average in 2025.

Now, moving to North America operations.

We have different situations that are worth highlighting.

The situation in Canada is different from the United States, and within the U.S., special steels,

longs and rebars have different dynamics.

It is true that we had an expansion of spreads, particularly in beams, which had some price adjustments at the end of the year, without the same level of decline in scrap prices.

But that does not represent our whole portfolio.

We have other product lines, such as special steel for the automotive industry in the United States, which are not recovering at the same pace of production and sales that we would like to see to further drive our SBQ operation in the region.

Overall, we do not see anything at this moment that would lead us to expect a substantial reduction in profitability in our North America segment in the short term.

Our order book remains very strong, at very high levels and actually slightly above the level at the end of the quarter.

We are close to 90 days of backlog, rather than 80 days, which gives us good confidence that this is not just the effect of one or two months of stronger results, but something more recurring.

Would you like to add anything, Gustavo?

Gustavo Werneck:

Rafael, when we speak about North America and look at this in more detail, if we look at Gerdau's results by business operation since 1990 and plot them over time, there were many moments when results in Brazil were much better than in North America.

There were other times when North America was over performing.

Rarely were both doing poorly at the same time, and very rarely were both performing very strongly at the same time.

One thing that does not concern me so much is this discrepancy between the United States and Brazil.

I would say that this worries me less today than it did in 2017 or 2018, when our results in Brazil were very strong and our results in a solid economy like the U.S. were weaker. But why?

Because I do not see any signaling of deterioration in our margins in North America in the coming quarters, for a number of reasons.

When we compare the soundness of our operation and our assets today versus 2017, 2018, we are operating much better.

When I compared our operating performance vis-à-vis our competitors, there was something around a US\$30 per ton gap — that was my judgment at that time — regarding our performance gap versus competitors.

But in the last eight years, we worked hard in the U.S.

Not only did we close this gap, but today the public indicators, and also the indicators we have

access to, clearly show that we have an operation, from scrap to finished industrial products, with very good results and more robust than our main competitors.

So we are doing very well in terms of operations.

In terms of raw materials, we learned to use more obsolete scrap, which is scrap that we have easier access to.

From a commercial standpoint, our decision to leave those products where we saw greater penetration of imported steel was also important.

When we look at the main category products, as structural beams, for example, that is a product that is very difficult to import, given the size, the weight and the different gauges.

So I would say we are very well positioned and, in a way, protected in that business, when we look forward.

The health of our backlog, in terms of infrastructure, solar power, data centers, gives me some peace of mind that we will continue to have solid and sound results in North America in the coming quarters.

As we solved, and we will solve, the competitive issues in Brazil, so I do not see deterioration of margins in North America.

I read some of the comments made in general by the market and it does not worry me.

As regards Brazil, this has happened before. Of course, if we have anti-dumping measures on HRC, as we are expecting, there will be some improvement. There is a lot happening in the coming quarters.

Ouro Branco mill is operating in a very solid way, testimony of that is the quality of our coke plant and the quality of our blast furnaces, and we have been delaying and postponing stoppages.

I would say that our Ouro Branco mill is very differentiated.

We will have the new sustainable mining platform in Miguel Burnier, which will increase our competitiveness.

So I am fully convinced that we have adequate timing, or sufficient time, to improve margins in Brazil, and we are far from any deterioration of margins in North America.

I just wanted to stress this point. Most of the time I agree with the comments that are made by the investors and analysts but right now, I disagree with some of the analyses which penalize our results, because there are differences in margin when we compare the Brazilian operation to the U.S. operation. I have a slightly different opinion on that regard.

Rafael Barcelos, Bradesco:

Just as a follow-up question.

Given everything that was said and the relevance that the U.S. operation has acquired in Gerdau's business, and the difference between the regions, which is always questioned by investors, are

you evolving in terms of the listing possibility?

How do you see this? Are you maturing this discussion within the Company? Could you comment on that?

Gustavo Werneck:

Of course.

Overall themes regarding Company restructuring, tax impacts and ways to unlock value are always topics that we look at internally.

But we do not have any tangible study or action plan being executed or about to be executed regarding a listing.

We are monitoring some cases.

We are monitoring some companies that followed that path, and they are reaping some fruits, although with some difficulties, as we observe.

We will continue to look into that.

If management concludes that this would unlock value for shareholders, it is something that we might explore.

Caio Greiner, UBS:

Hi, guys. Good afternoon, and thank you for taking my question.

I have two questions.

I would like to revisit something you briefly mentioned during your last answer, and that refers to anti-dumping and how this is impacting the Company's view.

This has been a very frequent discussion point.

If I recall correctly, in the past this lack of protection, or this unfair competition coming from imported steel being dumped into the country, was one of the factors that led you to think about putting some brakes on CAPEX investments.

Now we are seeing some approvals, not only regarding anti-dumping issues but also the 25% tariff.

So we think we are somehow seeing some movement from the government in that direction.

Certainly, the impact in terms of your products may be minimal at this stage, but your products should still be impacted by upcoming decisions.

You mentioned that you already envision some preliminary approval. The question is: how do you see protection measures expanding in the Brazilian steel industry?

Does this change your relationship with the Brazil unit? Are you more comfortable today to resume

investing in the region or even think about going in the opposite direction, reopening some units?

You also commented on the possibility of investing in rolling mills going forward.

So I would just like to hear your views on how this is impacting the Company vis-à-vis the Brazilian market after the approval of these protection measures.

And my second question is about asset divestments. This has been an ongoing topic among your peers.

Maybe you should start looking at some non-core assets.

I think you already have a lot of things within the Company.

I would just like to understand whether this is something that you are discussing internally today.

And if the answer is yes, whether you could give us more details. If you are looking at some assets that you are thinking about selling, what those assets might be and what you see going forward.

Gustavo Werneck:

Okay, thank you. Thank you, Caio.

I will start, and then Rafael will follow.

One of the main reasons that leads me to be more optimistic about the trade defense measures is the fact that it is no longer a political thing, but it is becoming more technical.

There are countries that, right after elections, made political decisions to introduce these defense mechanisms.

I am very careful when I use the word “protection,” because I never use this word when I am in Brasília.

I prefer to use the word “defense,” because we do not need to be protected by anyone. The industry needs to be defended against unfair competition.

For political reasons, in the last few years, we did not see expedited decisions in the steel industry as we did in the U.S. market.

Section 232 is very important because it promotes reindustrialization and it also stimulates industry growth.

When we are there, we see that reindustrialization is taking place. So I believe that in the future we will see better and clearer indicators.

The issue is, and I would say this with some frustration, technical trade defense could have happened faster.

I understand the difficulties that we have today, especially in the federal government, because we do not see the same number of experts that we had in the past. Some functional structures are being revisited. But I still believe it could have been faster than what we saw.

Now, when we look at HRC and the temporary measure being put in place, this shows a transition from a political measure to a technical measure.

I think it is very difficult for any government to make a decision that is not aligned with clear proof of damage to the domestic industry.

Therefore, I am very confident that this HRC anti-dumping case should become a definitive measure around June and July.

And this could really be a significant landmark in our trade defense framework.

This will not change our internal decision to allocate capital or our CAPEX decision.

I did not talk about it extensively, but I am of the opinion that we should continue to allocate capital in Brazil to improve our competitiveness.

There are relevant alternatives in the future that indicate that we should bring our cost level to a point that allows us to compete on equal footing with any other company, even those that practice unfair competition.

We are not going to change our CAPEX for this year of R\$4.8 billion and my view for the future is that we will continue to invest in Brazil.

Probably, we may continue reallocating capacity toward exports, because in the domestic market there is still some room.

Maybe some rolling mill or some production capacity could make sense in the future, especially if it is to replace additional capacity that we currently have allocated to exports.

But our main CAPEX focus for Brazil will be aligned with what we are about to ramp up in Miguel Burnier, which is to bring our cost equation and competitiveness to a new level.

I think I covered your questions.

But if you have any additional questions, let me know.

Now I will turn the floor to Rafael Japurl, because he is the one leading the subject of non-core assets and he has more details on that subject than I do.

Rafael, over to you.

Rafael Japur:

Hi, Caio.

I do not want to make anyone nervous, but the guidance is R\$4.7 billion, not R\$4.8 billion. I do not want anyone to be nervous about the number.

Now, going back to your question in terms of non-core assets. I think here we have two main sources. We are speaking to our investors as they approach us with this subject.

The first front relates to our forest assets and farms that we have in Brazil.

We have these assets because of our coal production, to produce the iron that we need.

Today, we have excess capacity, both in terms of land and forest. So certainly this has value, and that value needs to be justified in our P&L. It is good to have assets, but they also need to generate value.

I mean, it is nice to have assets, but they also have to generate value.

So we understand that we need more clarity, and we are now working to validate that.

In fact, we do have a relevant amount of forest and farmland that could potentially be monetized throughout time.

Another front of non-core assets has to do with real estate.

Gerdau grew both in Brazil and abroad through acquisitions. And sometimes these acquisitions came with property, with real estate attached.

Sometimes, due to operating aspects and the way we operate and are organized, we ended up keeping some of these properties.

Sometimes we use them, sometimes we do not.

But now we are beginning to revisit some of our units and take a closer look — for example, Comercial Gerdau in Brazil.

You may say: “this property was very well located in the past, but that may not be the case nowadays”.

The surroundings may have changed, and therefore this asset may no longer be so important for us.

This asset portfolio is very fragmented. We are not talking about one or two properties, but hundreds of properties. We understand that some of them still have significant value. We are trying to understand how much they are worth and what would be the best way to extract value over time.

Having said that, it is important to make a distinction regarding timing. Over many years, Gerdau made an important effort to deleverage its balance sheet.

And we are keeping a very robust and sound balance sheet so that we can continue to invest in growth and remunerate our shareholders without taking unnecessary risks in such a cyclical industry as steel and commodities.

Therefore, any divestment of non-core assets will certainly be subordinated to value generation for the Company.

We do not feel the need to make any sale. And of course, I am not against those who are doing it.

What we want, at the end of the day, is to create value, not simply to carry out an operation just to remove something from the balance sheet.

What we want is to evaluate our asset portfolio and determine what will be the best location for each asset.

And when we realize that we are no longer the natural owners of an asset, be it a farm or a specific property, we will try to create value through that.

I think this is the main idea behind it.

We do not have any guidance, and we do not have any concrete plan. But as we move forward, we will certainly inform the market.

Thank you.

Carlos de Alba, Morgan Stanley:

The next question is from Carlos de Alba, Morgan Stanley.

Thank you very much, Gustavo and Rafael.

Just maybe following up a little bit to recent discussions.

How is the company and maybe the board of directors, to the extent that you can share their views, thinking about the return to shareholders of any excess cash that the company generates?

And we definitely acknowledge and took a very positive notice of the object another share by back after the concluding the one successfully and that you had implemented in the past, but despite the very strong cash generation in the fourth quarter, dividends came a little bit below expectations from the cell side.

So, I wanted to understand how are you waiting or the board is thinking about shareholder returns to in terms of cash, excess cash, between these two alternatives. And, maybe, just complementing this one before I go to my second question: if the company does execute these non core asset sales, would the company return the proceeds from those two shareholders or would it keep it as part of the cash balance of the company?

And then, just my second question has to do a little bit with the capex, the view on the, maybe not guidance, but just broadly speaking how does the company see capex beyond 2026?

Do you think that it will be closer to R\$4.5 billion or maybe moving back closer to R\$6 billion that we saw in the past?

Thank you very much.

Gustavo Werneck:

Thank you. Thank you, Carlos, very much for your questions.

I will try to answer each one at a time, starting with shareholder returns and non-core assets, and then I will talk a little bit more about CAPEX.

Rafael Japur:

Hi, Carlos. It is good to see you again.

Gustavo Werneck:

As we already said in the past, we have been maintaining the dividend payout slightly above our policy, and we have done this in a very consistent way.

On average, payout has been around 45% to 50%, which has been the case in the past.

Taking into account the value of our shares today, we still believe that they are below their intrinsic value, considering the cash generation level, especially in North America, our profitability in that geography, and the moment where we find ourselves in the CAPEX cycle.

As we start decreasing our investments in CAPEX and generating more free cash flow to our shareholders, over time we understand that, in the long run, we want to return more value to shareholders.

So not only is the amount that we are paying now above the mandatory level, but also adding more through buybacks programs.

In terms of capital allocation, considering the current status of our shares, we also need to look at taxes. This may impact foreign shareholders, because they are subject to withholding taxes over dividends, while buybacks are not subject to that tax.

And when we look at the shareholder base of Gerdau S.A., and consider that more than half consists of foreign shareholders, it is important to keep that in mind.

What matters is the effective return, how much money reaches shareholders' hands, not necessarily how much cash leaves the Company.

Now, regarding proceeds from non-core assets.

I do not see any reason why additional liquidity that may come from asset monetization should not be returned to shareholders.

If we look at last year, throughout the quarters, we basically saw an increase in net debt of R\$2.4 billion, and we paid out R\$2.4 billion to our shareholders.

So leverage increased during the year, as we continued to remunerate shareholders quarter after quarter.

In the last quarter, when there was a significant release of cash, we believed it was the adequate moment to reduce net debt and therefore create more breathing space and flexibility going forward in this environment. I think this can clarify and bring you some light.

I saw that in your report you expected 13 cents, and I believe now you have a better explanation of what led to that.

Regarding CAPEX, Carlos, I do not have any guidance for 2027 onwards.

As Rafael Japur put it well, CAPEX disbursement for this year is R\$4.7 billion, not R\$4.8 billion.

What I can tell you is that we will be very diligent. We will not disburse CAPEX that is not aligned with our capacity to generate cash. In the future, we do not want to compromise the financial health of our balance sheet or increase debt levels just to increase CAPEX.

We have strong beliefs, and we will not discuss changes to these limits in the coming years.

Like any other company, we have a wish list of projects.

What we notice today is that the wish list, in terms of investments for the future, is much more populated by reinvestments aimed at further competitiveness and cost reduction, rather than investments that would allow us to grow capacity.

Certainly, in the future, we may make investments to replace some capacity currently allocated to exports of semi-finished goods, or to increase high value-added products to serve the domestic market.

There may also be marginal capacity increases in one of our plants that are directly related to the development of a new product or to something that may add to our product mix.

But going forward, I believe we will invest in things that allow us to promote cost reductions and increase competitiveness.

I also want you to bear in mind that, at some point in the next ten years, we will have to invest in our Ouro Branco mill.

That mill has been operating at a very intense pace, in terms of blast furnaces and the coke production unit, with shutdowns for maintenance. At some point, we will have to address the lifespan of that equipment.

Therefore, this may require more relevant investments in Ouro Branco.

But obviously, if that need arises, it will be compensated by CAPEX reductions in other areas of Gerdau, in order to maintain a disciplined balance sheet, which has been the case in the past few years.

Caio Ribeiro, Bank of America:

Good afternoon, everyone. Thank you for the opportunity.

My first question is regarding avenues for growth in the U.S. segment.

The Company has the Midlothian operation that aims to be more competitive and increase its footprint in the U.S. market.

But I would like to explore two related themes.

Firstly, how do you see the option of growing through micro mills, considering the products where you operate the most in the United States?

And on that same topic, other than organic growth options, would you consider M&A, inorganic growth, mainly via smaller players in the U.S. market?

My second question is about the project that you were looking into in Mexico.

Could you give us more color on how a possible renegotiation of the USMCA could lead to an increase in tariffs in the United States?

Could this impact your decision to move forward with this investment or not?

Thank you.

Gustavo Werneck:

Hello, Caio.

Looking forward, we do not have any great ambition to significantly grow our production capacity.

Growing for the sake of growing has not been part of our philosophy for many years.

Overall, what we expect in the coming years is organic growth, where we can add some capacity in higher value-added products — products that bring value not only for Gerdau but also for our customers.

When we look at micro mills, in our view, they make more sense as a way to reduce production costs rather than to add capacity.

It is a very modern and smart solution in terms of integrating hot rolling with a melt shop, so that we do not need to reheat billets.

So it is interesting.

But if this were included in Gerdau's plans, the goal would be to replace some existing production capacity that is less efficient from a cost standpoint.

Regarding mergers and acquisitions, we are always attentive, as we have always been.

I take this opportunity to congratulate our team, because if in the future we find an M&A opportunity, it will be the result of the discipline we have shown over the past few years in maintaining a very sound balance sheet.

We see some companies in the market facing difficulties, some for quite a while now.

We were very disciplined in our actions to keep the Company's balance sheet at a level that allows us to think about M&A in the future.

But we are very down to earth. It does not make sense to make an acquisition that will not add value to the Company in the long run.

Of course, there are always opportunities that can complement our business. We can always seek synergies when analyzing a possible acquisition.

We are always keeping our eyes and ears open for opportunities that help us reach the Gerdau we want, perhaps smaller, but more profitable and better prepared for the coming years.

Now, regarding the Mexico investment. We do have a business case ready. But Mexico, regardless of USMCA, is going through substantial changes.

I see in Brazil a growing debate about reducing working hours. A few weeks ago, they approved a project reducing working hours.

So Mexico as a country has been losing some competitiveness at the industrial level. These are relevant elements that we need to take into account in our business case.

The new USMCA discussions, expected to start around June this year, will be a very relevant point for us to review the business case and decide whether it is worthwhile to move forward with the investment in a new special steel mill.

We understand that the U.S. market, with its ups and downs, heavy and light vehicle markets, remains an opportunity for us.

But we will be very diligent before allocating significant CAPEX to a greenfield mill in Mexico, especially considering the ongoing debates involving Canada, the U.S. and Mexico.

Rafael Japur:

Let me just add a couple of points to your question about growth.

We have been doing some important things to improve profitability in North America in recent years.

We opened two downstream operations in Midlothian: thermal treatment and solar piles.

When we look at our quarterly report and compare year-to-date numbers, the downstream line item in the North America segment increased 39% compared to 2024 and 2025.

These are high value-added products, less susceptible to competitive imports, and areas where we have greater competitive advantages.

I think this matches with what Gustavo mentioned. We are cautious and prudent in allocating capital for growth in North America.

In addition, we have been growing through smaller acquisitions and upstream investments, such as scrap processors acquired last year, which increased our scrap potential and our ability to process scrap in a cheap way.

That is more the type of growth we are considering, rather than major acquisitions, as we have seen in some cases in North America.

Caio Ribeiro:

Okay, perfect. That is very clear.

Thank you very much, Werneck and Japur.

Igor, Genial:

Good afternoon.

Thank you for the opportunity to ask a question.

Looking at the level of exports — 370 thousand tons — growing quarter over quarter, we saw eliminations of around R\$140 million in consolidated EBITDA, compared to R\$80 million in 3Q and only R\$24 million in 4Q24.

Given that you export a large amount of semi-finished steel coming from Brazil, even to other regions in South America, for example billets and hot-rolled products, would this higher level of elimination be related to intercompany transactions, or was it due to other reasons?

And my second question.

You mentioned that part of the CAPEX in 4Q, around R\$1.5 billion, was allocated to restructuring and improvements at the Ceará unit, Maracanaú, around R\$100 million.

However, this was one of the two mills that you hibernated, together with Barão de Cocais.

So I would like to explore that.

Could you share what kind of changes were made to these mills and how this now fits into the Company's footprint?

Will you reactivate the mill with more efficiency than before?

If you could comment on that, it would be interesting. Thank you very much.

Rafael Japur:

Hi, Igor. It is always good to see you.

You raised some interesting questions. Let me start with eliminations.

Regarding imports or exports and eliminations, we have eliminations across different businesses between our reportable segments.

We have very limited exports from North America to South America.

What we have is more business between the Brazil segment and the South America segment.

I think in the previous question we mentioned that we had a larger volume of billet exports from Argentina to some of our Gerdau units in Brazil and also in South America, such as Peru.

That increased the amount of eliminations that we had.

It was mainly because of this greater volume of exports from Argentina, which typically is not a country that exports a lot all the time.

So that increased the usual level that we have in the eliminations line.

Now, regarding your second question about Maracanaú. That is a very good question.

Back in 2024, when we had hibernation, we also hibernated the Maracanaú melt shop in Ceará.

And at that time we said that it would go through a modernization program. What was the goal of that program?

Today, the Maracanaú unit operates integrated with the rolling mill that we also have in Ceará, which we acquired from Silat in 2019.

It is a very modern rolling mill. The melt shop, however, was producing relatively small billets, around six meters long.

When we rolled those billets in the more robust Silat rolling mill, we did not have the optimal cost and yield levels, because many times we had to feed the furnace with smaller billets.

So the project was to adapt the billet size manufactured at the Maracanaú melt shop to 12 meters.

That size is closer to the ideal billet to be consumed in the Silat rolling mill. With that, we can increase competitiveness in our Northeast operation.

And as Gustavo highlighted before, a good part of our project portfolio at Gerdau has been focused on increasing competitiveness and cost efficiency.

This is an example of this goal. We are not building a new mill. We are modernizing an existing melt shop and thinking about how to better integrate these two assets that we have in the state of Ceará.

That is basically the rationale behind the Maracanaú modernization mill.

Igor, Genial:

Just a follow-up question.

In terms of integrating the mill into the footprint, would that entail any cost increase, maybe a one-off cost that we should pay attention to, or would it be a smooth transition?

Rafael Japur:

No.

It is basically the melt shop starting to operate again, supplying billets to the Silat rolling mill.

There will be no one-off cost increase. No additional cost.

It is basically allocating billets — including billets that were previously imported to Silat, and now supplying them from a neighboring mill in the state of Ceará.

Igor:

Perfect. Thank you very much, Japur.

Rafael Japur:

Thank you, Igor. All the best.

Ricardo:

Good morning, and thank you for taking my question.

I have two quick questions, but they were very important in the discussions we had yesterday.

First, looking at your cash flow, I would like to understand your outlook.

There are two main lines: working capital, there was a significant release of working capital, so how much of that is structural and how much could revert in the short term?

And the second line is cash financial expenses.

There was a significant drop of almost R\$4 billion, but I would like to understand how much further reduction you anticipate in this line, or whether we could see more expensive debt being paid out and refinanced at lower interest rates.

My second question is: I would like some help to build a double-digit margin for Brazil in 2026.

You mentioned that if it were not for the deterioration of market conditions, we could probably reach double digits throughout the year, including Miguel Burnier.

Are we starting with a weaker margin that improves in 2Q26 and maybe even more in the second half?

Or is there room for getting a better margin quarter over quarter, creating a buffer that would allow you to deliver double-digit margins in the second half?

Rafael Japur:

Hi, Ricardo.

So, working capital, your first question.

Yes, we believe there will be a use of working capital. Even because of the strong results that we posted in our North America operation.

We saw increases in volumes, increase in shipments, and also an increase in the average of our product mix and that will require some additional working capital.

In addition, we have the resumption of operations because of seasonality, especially in Brazil. So there should be a certain level of working capital use. But we will not go back to everything that we were able to build.

Especially when you look at the inventory line, we posted important efficiency gains, not really thinking only about working capital, but improving our cash conversion cycle and days of working capital.

Now, regarding cash financial expenses.

This quarter, since we had the settlement of our make-whole call, we had to pay interest that had been accrued until the make-whole date.

So there was an increase versus what was expected in terms of cash interest.

Because not only did we pay what was already anticipated in terms of payment and the due date, but also the make-whole of the bonds that were settled in full. So that interest account was a bit higher.

But if you break down our P&L, you can see the debt per currency and type of debt, and that is very clear there. So you can estimate the interest account.

In terms of cash flow, what you have to look at is the maturity dates of the bonds. They follow more concentrated dates, mainly April and October. These are the two months that concentrate the bulk of the interest payments.

Now, finally, about the Brazil operation. I will start with the end of your question.

A significant improvement in margins in the short term, I would say, is a bit far-fetched given the current situation.

But again, if we had not seen this very strong move — more than 20% increase in coal prices from 4Q onwards, we could probably have seen a more consistent improvement already in 1Q.

Despite the fact that the market was not growing that much. So maybe the data could have been worse in January. So I would not say that a double-digit margin is impossible.

Considering that in the second half of the year we will start posting more concrete benefits from the Miguel Burnier ramp-up, the mining project.

I would say something like: 1Q very close to the margin we have today, which is high single digits. Then the following quarters with gradual improvement.

If everything else remains constant, by year-end, looking at the combined numbers for the year, EBITDA margin could be around double digits.

Ricardo:

Just to confirm: so Miguel Burnier's EBITDA would be around R\$400 million a year?

Rafael Japur:

It will certainly depend on our capacity to deliver the Miguel Burnier project in due time and at the stability level that we want to achieve in the project.

It is important to mention that this is not an existing mill. Because when something is new, and it will start to ramp up, every month, from the end of the year, we need to do the math accordingly, and that affects the calculation.

We do not have any number in terms of what the ramp-up result of the Miguel Burnier operation will be.

The project is currently in its integrated testing phase. As soon as we have more information available, we will share that information with you.

This project is very important to achieve the competitiveness level that we expect to have.

Emerson Vieira, Goldman Sachs:

Good morning, and thank you for taking my question.

I would like to revisit U.S. profitability levels.

It is very clear what you said: that you expect to maintain levels in the short run.

But my question is mainly about costs and scrap prices. Pricing has not recovered in a way that would make sense given rebar price levels, which are increasing in the U.S.

Looking towards the second half, do you think we could see more relevant scrap price increases? Or will it be the same scenario we have today?

My second question is about your view regarding the potential impact of anti-dumping measures related to steel exports coming from Vietnam and Algeria.

Could this lead to some marginal market share gains or is this not really impacting Gerdau in the U.S.?

Gustavo Werneck:

Let me share the answer with Rafael, because I do not want him to answer everything by himself.

It is very difficult for us to project scrap prices in the U.S., especially looking two or three quarters ahead.

But we believe that, given the current level of semi-finished steel produced globally, based on coal and iron ore, particularly coming from China, this may take some share from scrap consumption in the U.S.

Therefore, the trend going forward would likely be for scrap prices to remain more stable.

Reinforcing what I said before, this leads us to believe that metal spreads will remain very similar to the levels we are seeing now.

And this is another reason, in addition to the others I mentioned, that gives us confidence about the stability of our results in North America when looking at the entire year of 2026.

Now I will turn to Rafael to talk about anti-dumping.

Rafael Japur:

When we look at our product portfolio, rebar is a product that feeds our rolling line.

If I have a full rolling mill with the products I want to produce, I dilute my fixed costs by producing rebar.

But rebar is not a very significant portion of our business.

Today, it accounts for around 10% to 15%, especially because beams and other products are at stronger price levels.

What happens sometimes is that producers who manufacture both merchant bars and rebar — particularly those with modern assets or micro mills focused on rebar — may shift production depending on profitability.

When profitability increases on the rebar side, their appetite to use scrap for merchant bars may decrease.

So this is not necessarily directly related to anti-dumping measures when you look at our own rebar operations.

This could be a secondary effect, potentially supporting merchant bar prices.

Producers evaluate the trade-off, sometimes producing more rebar, sometimes more merchant bars, depending on margins.

Ariana Pereira:

Okay, thank you.

Our Q&A session is now closed.

I would like to take this opportunity to invite you to our next earnings conference call, which will take place on April 28.

Werneck, you have the floor for your final comments.

Gustavo Werneck:

Well, before we disconnect, I would like to send my very best to Mariana.

She is not here with us today because she is living a very special moment: she just had a baby named Pedro Antonio.

So I would like to send her all the best and wish both the baby and the mother good health.

I would also like to thank Ariana, Ari, as we call her, for how well she conducted this call today. This reinforces Gerdau's commitment and culture of having excellent teams on board.

On my behalf and on Rafael's behalf, I would like to close this call wishing you all the very best. I am sure we will see each other in April, when we discuss our 1Q results.

Thank you very much.

