

## Earnings Conference Call

**Gerdau S.A.**

### Transcription of the 1Q26 earnings conference call

**April 28, 2026**

#### **Ariana Pereira:**

Good morning and welcome to Gerdau's 1Q26 Results Presentation. I am Ariana Pereira, Investor Relations Specialist, and joining us on this conference call are our CEO, Gustavo Werneck, and 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 start 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 to Gustavo to begin the presentation.

#### **Gustavo Werneck:**

Hello and good afternoon. I hope that you are all well. Thank you very much for this opportunity to join you for another earnings release presentation.

We will briefly discuss the highlights of the 1Q26, talk about the outlook for our operations, and then proceed to the Q&A session.

We posted strong results in North America for yet another period. Between January and March of this year, we posted the best Adjusted EBITDA for a first quarter since 2022 in our North American operation, which accounted for 75% of the Company's consolidated EBITDA.

This performance results from continued strong local steel demand driven by consumption in segments such as data centers, infrastructure and solar power, as well as the sound operating performance of our operations in the region.

Meanwhile, in Brazil, the domestic market remained under pressure from excessive steel imports, whose volume rose 4.2% in the 1Q26 compared to the same period of the previous year, reaching an import penetration rate of 22.7%.

Against this backdrop, we continue to closely monitor potential developments in the anti-dumping investigations regarding long and flat steel products, which are expected to be updated in the coming months. This scenario of unfair imports has impacted the profitability of our operations in the Brazilian market.

I reiterate that we are investing in initiatives to strengthen the competitiveness and profitability of our operations in the country, and we have seen a recovery in EBITDA for our Brazilian operation in this first quarter as a result of this strategy.

Finally, I would like to highlight that we recently introduced Gerdau New Eco to the market, a low-carbon steel solution developed to support customers seeking to advance their decarbonization journeys and strengthen their competitiveness in the transition to a low-carbon economy.

With the launch of this new line, we now offer a complete portfolio of products with a lower carbon footprint for steel-consuming sectors such as the automotive and construction industries. I will now turn the floor to Japur, who will give you more details on the financial highlights and the impacts of the current scenario on our results. Then, I will conclude with some brief comments and we will jump to Q&A's session.

**Rafael Japur:**

Thank you, Gustavo. Good day, everyone. It is always a great pleasure to be here with you in another Gerdau earnings conference call.

We started 2026 with consolidated Net Income of R\$1 billion, 51% above the previous quarter and 34% above the same period of 2025.

These results were driven by sequential growth across all our business segments, particularly our operations in North America, which continue to gain prominence, as Gustavo just mentioned.

In Brazil, on the other hand, despite a decline in apparent consumption of long steel products, our main market, we achieved a higher EBITDA margin than in the previous quarter, largely thanks to our cost discipline.

We recorded EBITDA of R\$3 billion in Q1 2026 with an EBITDA margin of almost 18%. We ended the quarter with leverage of 0.74 times Net Debt over EBITDA, a level we consider extremely sound and in keeping with our financial strategy and policies.

In terms of cash generation, we recorded a free cash flow of R\$16 million, even in a period which typically consumes cash due to the replenishment of working capital and year-end maintenance shutdowns.

Compared with the same period of 2025, we generated R\$1.3 billion more in cash. This reflects not only the substantial improvement in our EBITDA, but also the substantial reduction in the pace of CAPEX investments compared to previous years. This does not mean, however, that we are not investing in our future.

By year-end 2026, Gerdau should complete three very significant projects: the mining expansion at Miguel Burnier, the scrap processing center in Pindamonhangaba, and the first phase of the Midlothian expansion, in Texas.

Together, these projects have the potential to add nearly R\$1.5 billion to our annual EBITDA when the ramp-ups are fully complete.

Lastly, we remain steadfast in our commitment to creating value for our shareholders. This quarter, Gerdau S.A. will distribute R\$ 0.18 per share in dividends, while Metalúrgica Gerdau will distribute R\$ 0.08 per share. In addition, we have just approved the launch of a new share buyback program for Metalúrgica Gerdau, covering up to 10 million preferred shares, which at current market prices amounts to approximately R\$100 million. I will wrap up here and rejoin you during the Q&A session.

**Gustavo Werneck:**

Thank you, Japur. In Brazil, we see signs of a gradual recovery in domestic demand, particularly in the construction and infrastructure sectors, following a more intense seasonal slowdown at the beginning of the year, while we still face an excessive inflow of imported steel into the local market.

In North America, meanwhile, we continue to see steel consumption stable at high levels, with the order backlog above historical averages. We continue to monitor developments regarding Section 232 and the

formal review of the US-Mexico-Canada Agreement (USMCA) scheduled for the beginning of the second half of the year.

I will now turn the floor back to Ariana. Japur and I will be available to answer your questions and address your concerns.

**Ricardo Monegaglia, Safra Bank:**

Good morning, everyone, and thank you for taking my questions. It is always nice to talk to you. First, I would like to congratulate the performance in Brazil; it was a very pleasant surprise, both for me and in my recent conversations with investors.

I would like to take this opportunity to explore what you see as the main levers behind the margin improvement in Brazil. You are talking about a new wave of improvement that is not coming from closing capacity, but more from efficiency and cost reduction. I would like to understand what are the main leverages you see today. Whether this includes logistics, mining and industrial productivity, a broad question, but very relevant for the current moment.

My second question is in terms of capital allocation. Given that you have already delivered the mining project and other competitive projects are being more clearly outlined, with capex being lower, does it make sense to expect that next year's capex would be closer to the level of depreciation, mainly considering that the Company's priority is to be very disciplined in capital allocation and cash generation? Thank you for taking my question.

**Gustavo Werneck:**

Ricardo, I will talk about competitiveness in more general terms and Japur can give you more detailed numbers and also answer the question on CAPEX.

The margin improvement in 1Q26 stems from initiatives that we control, but we still see room to seek further cost competitiveness in Brazil. We serve all corners of the country from the South to the North, and in terms of logistics we have significant opportunities because we transport materials from our mills to more than 70 locations, delivering to construction stores.

Therefore, the maximization of our competitiveness-versus-cost equation has not yet reached its limit; we see opportunities to go further, and we will certainly pursue all of them.

On the other hand, looking ahead, there is also cost pressure, especially in terms of energy. This conflict between the US and Iran has led our main input providers to constantly request price negotiations.

At the moment, we are negotiating with our customers, trying to find solutions where part of the cost increase can be transferred across various segments. Going forward, we also expect benefits from capital allocation and investments in Brazil, Japur may give you more details, including improvements in scrap processing and the Miguel Burnier mining project.

We are very confident about the things we have under our control. For next quarter, we intend to continue on our cost reduction trajectory and put a lot of effort into accomplishing this.

We do not expect any radical margin cuts, but we believe we have all it takes to gradually improve our margins, even without considering the trade defense measures. We believe the anti-dumping measures on flat steel in particular could bring a new reality to the sector starting in the 3Q26. So, this is my general view on this topic.

Now I turn the floor to Japur to elaborate and give you more details. I will also to ask him to answer your question about CAPEX.

**Rafael Japur:**

To give you a bit more context on the two major projects to be delivered by year-end: the first is the mining project at Miguel Burnier, which should generate approximately R\$1.1 billion per year in EBITDA through cost savings at Ouro Branco and incremental revenue.

The second investment to be concluded is the scrap recycling center in Pindamonhangaba, which will generate approximately R\$100 million in benefits. Together, these provide very robust levers. Structurally thinking about the medium and long range, we will increase our level of competitiveness in Brazil over the coming years. 15:00

We know it is too soon to talk about formal guidance for 2027. Typically, our capex guidance for the current year is given in February, but last year we anticipated our Investor Day because we felt it was important to be more accountable to the market.

The Board had already decided to reduce disbursements from R\$6 billion to approximately R\$4.7 billion, and the first quarter pace, annualized, is very much in line with that guidance.

During our Investor Day, we indicated that maintenance capex should average approximately R\$3 billion per year over the next five years. That said, we believe it will be difficult to always do only maintenance capex. Whenever there are competitive projects that generate additional EBITDA and growth, those benefits must be incorporated into the model. Considering the current level of excess capacity in Brazil and the well-adjusted demand in North America, we do not see room for large projects with significant capex increases at this point.

**Rodolfo, JP Morgan:**

Good morning and thank you for taking my question.

I would like to hear more about the North American operation. We have been positive on that region for quite some time and, honestly, we were surprised by the very high backlog level. Could you give us more details on what is happening, what trends you see in the region, and not only looking at this quarter, but what you expect to see for the second quarter in that region in North America?

My second is similar to that in North America but now referring to Brazil. I think the situation is clear because of your fight against imported products, but I would like to hear what you see in terms of demand and supply. How is construction activity going, and do you anticipate any positive surprises on the demand side?

**Gustavo Werneck:**

Hi, Rodolfo. How are you? Well, it's never all perfect, if you cheer for my soccer team, you're never in peace. Japur, let's split the answer, I will speak about Brazil and you talk about the United States.

First of all, demand is very resilient both in the short and mid-term. The segments driving our backlog remain very steady and firm. Think about data centers, the number of data centers being built and that will be built in the coming years in North America will demand a significant amount of steel. That is one key strength.

Another strength is our business model, very much focused on merchant bars and structurals, directly related to infrastructure and data center demand.

The US trade defense mechanisms have been very robust since the first Trump administration, and the Biden administration did not reduce what was established under Section 232. The USMCA renegotiation should be even more favorable for North America.

We also have significant internal strengths. We have been very lean in North America since 2018, when we drew up a very strong plan to recover our industrial performance gap.

We are operating our mills very well with very few maintenance shutdowns. Furthermore, given that China is exporting a lot through the integrated route, this removes part of the competitive pressure on scrap exports from the United States, resulting in additional scrap supply in North America – contributing to price increases and a broader spread that we believe will continue.

We are very positive and very certain that the results we delivered this quarter will continue to be strong in the coming quarters. This gives us time to implement what is within our control to improve productivity in Brazil, where there is still a lot to be done both in the short and mid-term.

**Rafael Japur:**

Hi, Rodolfo. Speaking about Brazil qualitatively and looking at the results of this quarter: when we look at apparent consumption of steel, there was a 6% decline in long steel consumption compared to last year.

Part of that can be attributed to the decline in special steel consumption. If you look at the Anfavea numbers, January and February were weak months in terms of heavy vehicles, which is very important to the consumption of SBQ or special steels, a relevant market for us, and one where prices per ton are higher.

This impacted our realized net revenue because we sold less special steels in those weak months. On the other hand, in March there was an important rebound in heavy vehicle production by Anfavea, and if this continues in the coming months, we believe it will boost our shipments of special steels and lead to more constructive margins in our Brazilian operation going forward – in addition to all the projects that will contribute to improvement.

There are still uncertainties, including the issue of freight and the impact of metallurgical coal costs. But these are systemic issues, not specific to the Company. In terms of infrastructure activities, things are going reasonably well. What changed the profile of realized prices and cost structure was mostly attributed to the lower volume of heavy vehicles in the first part of the year.

**Leonardo Correa, BTG Pactual:**

Good afternoon and thank you. Werneck, Japur and Ari. I have two questions. The first is about the top line. In the quarter, we saw the average price realized in Brazil dropping a little more than expected, around 5% quarter on quarter.

I understand there are factors including seasonality, and we have heard about attempts to implement 6% price increases across production chains. I would like to hear your expectations regarding implementation – I know this is a competitive market with many players competing for market share and imports still hurting. Platts is not showing a lot of pass-through.

My second question: I know you have been very vocal asking for equal conditions, trade defense mechanisms and fairness to compete. We see long steel imports being more controlled and flat steel imports that seem to

be reducing, and freight costs are going to make imports more expensive. We have anti-dumping measures for BF, galvanized and HRC, and the quota system. But in the stock market we see some excitement, with people expecting a consistent recovery.

So how excited are you about what the government is doing? Do you think the idea of a substantial improvement in the second half of the year represents exaggerated optimism, or do you see green shoots and believe the worst is behind us for Brazil?

**Gustavo Werneck:**

Good questions, Leonardo. When we look at the profit pool of the several chains in which we operate, the sector under the most pressure is ours. But we cannot avoid passing through this cost pressure to prices – this will happen, and Japur monitors this daily.

Many of our clients have been working with a little more leeway in their balance sheets. But our suppliers of electrodes, inputs and others are knocking on our doors every day. Passing through a cost increase that is well known and global will happen.

If this were related to inefficiencies in the sector or at Gerdau, it would be difficult to create a narrative that would allow us to pass through the cost increase. But this will happen.

We have different segments – distribution, civil construction – and they work by contract per project. I am not worried that this will not happen. My main concern is that when we do pass through this cost increase, we will need to improve margins and deploy further improvements in the short term, which is something we are doing. Logistics is one area where we are optimizing and reducing the amount of material being handled.

In terms of trade defense mechanisms, I am also optimistic because this is developing over time. The fact that a new secretary will be conducting this area of trade defense is positive – he is very knowledgeable and knows about all the damage caused to the chain. The evidence has become very clear over the last two years.

You can look at our balance sheet and those of every steel company in Brazil. We cannot continue to invest and survive under the current conditions. I am very optimistic that trade defense will be broadened with more anti-dumping and quota-tariff measures.

**Rafael Japur:**

I think you said it all, Gustavo. Nothing to add.

**Ariana Pereira:**

Thank you, Leonardo. Our next question comes from Gabriel Barra with Citi.

**Gabriel Barra, Citi:**

Hi there. Can you hear me? Thank you, Ari and Japur. I have two points of clarification. The first is about Miguel Burnier – if I am not mistaken, in the last earnings call we spoke a little about the ramp-up and the expectation of R\$ 400 million in EBITDA for this year. I would like to hear your expectations regarding that. The project seems to be a little delayed – is it on time to be delivered? And how could this impact next year's EBITDA?

My second question is about potential one-off actions for cash generation. I wonder if you are considering possible investments in real estate or land. The Company has significant real estate assets that could be

monetized. I would like to hear what you are thinking about extraordinary dividends and potential divestments, given the more deleveraged balance sheet and the positive trend for the second half in Brazil.

**Rafael Japur:**

Hi, Gabriel. How are you? Let's start with Miguel Burnier. We released a soft guidance at our Investor Day in October of last year, expecting to generate R\$ 400 million in EBITDA specifically from the Miguel Burnier project this year. But we expected a ramp-up and start of operations that have not yet materialized.

We are proceeding with caution – this is the largest investment in Brazilian reais in the history of the Company, an investment designed for 40 years. The fact that it is taking a few additional months does not mean we will do anything that sacrifices the long-term return expected on the capital invested.

We understand that we will likely not have all R\$ 400 million from this project this year. We are working internally to calculate the specific EBITDA guidance for Miguel Burnier this year. In parallel, we have a number of other efficiency initiatives at Ouro Branco to compensate for the returns we will likely not see from the mining project this year.

We are also well-positioned geographically to purchase ore from other suppliers in the region as a way to partially mitigate this EBITDA shortfall. In 2027 and through the 40-year lifespan of the project, we are certain we will see good results generating substantial value for shareholders.

As regards real estate and other one-off actions to improve liquidity and free cash flow through divestment, we continue to progress with our internal analysis of our real estate portfolio. It is good to maintain controlled leverage so that we are not forced to sell something in a way that hurts the long-term value created for our shareholders.

In terms of capital allocation, a commodities company is best when it is boring and predictable. We are not going to radically change our preferences. We have been distributing dividends above the minimum set forth in our bylaws. If there is a surplus of capital and we are not hurting our liquidity, we will allocate it to share buybacks when we understand that the market is not fully reflecting the long-term value of our assets.

**Lucas Laghi, XP:**

Good afternoon and thank you. Werneck, Japur and Ari. I have two questions and will start with a follow-up from the previous question. Thinking about optimizing your Brazil assets – focusing investments on high returns or reducing investments to optimize returns – my question is how you view the market in terms of investing and divesting.

You have talked a lot about anti-dumping and the competitive scenario. I would like to understand how this impacts your decision to invest more in Brazil or whether you might accelerate divestment in the current scenario.

And if you could revisit the Company's expectations for capturing incremental EBITDA from the key projects, and confirm whether the marginal returns are being considered given the capex guidance for 2026.

**Gustavo Werneck:**

Thank you, Lucas. What we will probably see in the future is a concentration or combination of assets that is different from what we had a few years back. The traditional mini-mill business model – a small-scale mill

... serving a very regional market – is something we already reviewed in the United States. We shut down plants, concentrated our production in a lower number of mills, but made those mills highly competitive.

Looking forward, the issue of divestment or investment in Brazil is not just about buying and selling assets – it will be a transformational issue. We will focus our investments on the winning mills. It is very likely that the mills that were shut down may not be competitive enough to resume production.

The pace of transformation will follow our capex allocation capacity without taking on additional debt. Our operations at Ouro Branco have been very successful in terms of efficiency, and this has allowed us to postpone major overhauls of the blast furnace and coke plant – a very healthy mill. This creates a buffer in terms of disbursement levels.

We do not want to accelerate transformation in Brazil by increasing capex or leverage. We know quite well the need to keep our capex disbursements and leverage at very healthy levels. We will not raise the Company's debt.

A good part of the resources for transformation will come from our decision to operate with a lower number of commercial assets, which will reduce production capex and free up flexibility for more transformational investments.

**Rafael Japur:**

Adding to what Gustavo said: of the three major projects this year, they will enter their ramp-up processes throughout the year. The scrap recycling center in Pindamonhangaba is a new project, and the investment at Miguel Burnier is more transformational given its scale.

As I mentioned earlier, thinking about the full R\$ 400 million in EBITDA from Miguel Burnier this year is probably not realistic given the delay. But we are pursuing other efficiency initiatives at Ouro Branco to compensate, and in 2027 and over the next 40 years of the project's lifespan, we will certainly see significant value for shareholders.

**Daniel Sasson, Itaú BBA:**

Hi, good afternoon and thank you, Werneck, Japur and Ari. My first question: I think Gustavo already mentioned in his earlier comments about anti-dumping and competition from imported goods. Perhaps for us it is a bit easier to understand the impacts in the flat steel market, but for long products with the eventual anti-dumping measures – I know we have wire rod. Could you tell us about the status of this investigation and whether it will change the pace of the market?

And in addition to anti-dumping, how do you think the long steel players are behaving? I believe at some point last year around this time you decided to cede some market share in rebar. How do you think this competitive dynamic in longs is shaping up?

My second question is a follow-up on capex. I understand that formal capex guidance for 2027 is not expected at this stage. But if we think about the opportunities in addition to the R\$ 3 billion in maintenance capex, what are the priorities?

Last year you referred to a possible project in Mexico given the growth in the auto parts market. Then things changed and the market became more protectionist. Could you tell us more about the priorities by region and types of projects related to competitiveness and growth?

**Gustavo Werneck:**

Japur can give you more details on the anti-dumping matter, but let me give you an overview. Unlike North America, in Brazil whenever we talk about trade defense there is a lot of noise in the consuming sector.

In the US, since the days of Section 232, whenever they talk about defending the country, everybody understands the industry matters. In Brazil, these debates take years, and the industry loses size in the meantime.

When we started noticing high penetration of imported steel – which had never been seen before in Brazil, coming right after the pandemic when the steel industry had high margins – two years ago nobody talked about whether this was right or wrong. But after two years, the topic has become much more mature.

Many balance sheets from clients and steel companies have been published, and it is becoming apparent from discussions in Brasília that if the country does not utilize more intense trade measures, the steel industry cannot survive in the long run.

I see a better environment now that should lead to more important trade defense measures. Many analyses have been done, and the main product penetration of imported goods – including wire rod – has been heavily documented. I am optimistic.

**Rafael Japur:**

Daniel, here is my perspective on wire rod. In rough terms, wire rod represents somewhere between 10% and 20% of national long steel production depending on the time of year, and the proportion versus rebar is approximately 3.5-to-1 or 4-to-1. What happens is that producers of downstream products often also produce rebar.

When you have a lot of wire rod entering the country with dumping margins of approximately USD 550 per ton – as verified by the Ministry of Industry and Trade – it leads idle producers to produce for contribution margin, making rebar or other products.

Therefore, this is not specifically about rebar, but also about the spillover effect: a massive entry of wire rod leads producers to produce something else, impacting the entire margin of the long steel segment.

We have two investigations underway: one involving China with a margin of approximately USD 550 per ton, and one involving Russia with approximately USD 100 per ton. These are significant amounts with a large impact on competitiveness.

What we are asking for is fair trade – a technical analysis confirming that there is dumping, damage and a nexus. We should be mature enough as a democratic country to enforce the rules that have been set up.

In the second half of the year, we expect to see the conclusion of the wire rod dumping investigation, which has the potential to improve not only wire rod specifically but also other long products that gravitate around this portfolio.

On competitive dynamics: I see that market share in Brazil has become more stable now. We still have opportunities to capture because we can decide, more rationally, which mill to serve from and whether to serve via commerce or a distributor. There is a good avenue of opportunity going forward.

**Carlos de Alba, Morgan Stanley:**

Thank you, Gustavo and Rafael. I have a couple of questions regarding working capital and capital allocation. I would like to understand the working capital line items this quarter and your expectations for the rest of the year in terms of free cash flow generation. And regarding Miguel Burnier, could you tell us what were the main reasons for the delays, and what level of confidence do you have in the project's ramp-up in 2027?

**Rafael Japur:**

Thank you, Carlos. Regarding working capital: we did not generate income tax in Brazil this quarter because we have a loss in the country, which means our effective tax rate was lower and was essentially driven by the US operation.

We also had more income tax and withholding tax on the distribution of results from the United States to Brazil, which we executed strongly at the end of last year. This contributed to a higher tax line item in Q4 than in Q1, but over the year we expect normalization – typically, a greater disbursement of taxes occurs in Q4, paying the US corporate income tax in April.

For the second half of the year, we expect a positive free cash flow generation, both due to our operating results and because of working capital normalization. We had almost R\$ 1 billion of working capital consumption in Q1 quarter-on-quarter.

We believe this is relatively normalized for the second half. We will also have a lower capex investment than last year, so we expect stronger free cash flow this year than in 2025 – a double benefit.

**Gustavo Werneck:**

Regarding Miguel Burnier's delays, Carlos: the problems were quite well-known issues related to the current difficulty of carrying out civil construction and electromechanical assembly in Brazil. The project had a schedule that started on time and was historically aligned with the traditional productivities of the civil construction and electromechanical assembly sectors.

But since Brazilian companies are finding it hard to hire people and it has become difficult to secure more technical and skilled labor, these sectors are facing difficulties. Our delays were 100% related to productivity issues in civil construction and electromechanical assembly – a theme which I believe will need to be addressed differently by Brazilian companies in the future.

This is the largest investment in Brazilian reais in the history of the Company – a 5.5 million-ton operation. Once it is in operation and is successful as we expect, it will give us not only safety but also more time to conduct in-depth studies of the next steps for increasing our ore production.

We have a lot of mining rights in the state of Minas Gerais. The chronology of which one we should tap into first is being analyzed. But once this project is implemented and starts producing successfully, it will give us the

opportunity to accelerate our plans for a second stage, and once that is more clear, we commit to give you more detail.

**Ariana Pereira:**

Our Q&A session is now concluded. I will now turn the floor back to Gustavo and Japur for closing remarks.

**Gustavo Werneck:**

Thank you, Ari. I would like to thank everyone for joining us today. On my behalf and on Japur's behalf, I would like to say goodbye and take this opportunity to invite you to our next earnings conference call for the 2Q26, which will be held on August 5th. Thank you very much. Warm regards and take care.