

GERDAU

3Q25 Review: Bright outlook, but no slack in CAPEX

LatAm Metals & Mining

Main takeaways:

(i) Brazil BD: Shipments (DM + FM) of **1.6Mt** (+7% vs. Est.); **price of R\$4,865/t** (-3% vs. Est.), down **-9.8% q/q**, pressured by a less favorable export mix and competitive domestic environment; **COGS/t** stood at **R\$4,611/t** (-3% vs. Est.), reflecting higher-than-expected operational efficiency at Ouro Branco; **(ii) North America BD:** Shipments of **1.3Mt** (+1% vs. Est.), growing **+3.0% q/q** and **+10.4% y/y**, in line with firm demand and reduced imports; **price of R\$7,104/t** (-1% vs. Est.), down **-2% q/q**, affected by the USD/BRL FX (-4% q/q); **COGS/t** of **R\$5,911/t** (-2% vs. Est.), benefiting from greater manufacturing efficiency and verticalization (~40% captive scrap); **(iii) Net Revenue of R\$18bn** (+1% vs. Est.), above projections, with volume effect outweighing the price decline; **(iv) EBITDA at R\$2.7bn** (flat vs. Est.), growing **+6.9% q/q** and falling **-9.2% y/y**, in line with our estimates, reflecting a compensatory effect between divisions, offsetting the decline in **Brazil BD** (-1% vs. Est.; -13% q/q) — impacted by price compression; **(v)** Although the scenario for profitability recovery seems promising, the CAPEX 25E guidance assumes a significant slowdown in 4Q25E (-45% y/y), justifying that **the slack for investments until the year-end is minimal**, and the company will need discipline in capital allocation to meet its guidance – we see a risk of the company exceeding this year's budget. Even so, our perception is that **consolidated EBITDA should continue to grow**, pushing the **FCF yield 26E to 18%** (+5p.p. vs. 25E). Thus, we reiterate our **BUY** rating, with a **12M Target Price of R\$21.50**, implying an **upside of +14.9%**.

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Company

GGBR4 BZ Equity
Buy

Price: R\$ 18.72 (30-Oct-2025)
Target Price 12M: R\$ 21.50

Table 1. Shipments Summary (3Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Shipments)	3Q25	3Q25E	% R/E	2Q25	% q/q	3Q24	% y/y
Brazil BD	1.582	1.479	7,0%	1.356	16,6%	1.463	8,1%
North America BD	1.293	1.281	1,0%	1.256	3,0%	1.171	10,4%
South America BD	289	288	0,4%	288	0,2%	263	9,9%

Source: Gerdau, Genial Investimentos

Table 2. Income Statement Summary (3Q25 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	3Q25	3Q25E	% R/E	2Q25	% q/q	3Q24	% y/y
Net Revenue	17.983	17.770	1,2%	17.526	2,6%	17.378	3,5%
Adjusted EBITDA	2.737	2.745	-0,3%	2.561	6,9%	3.016	-9,2%
Net Income	1.090	1.030	5,8%	864	26,1%	1.356	-19,6%

Source: Gerdau, Genial Investimentos

Gerdaul released its **3Q25 results** yesterday on **Oct. 30**, after the market closed. In consolidated figures, **Net Revenue** reached **R\$18bn** (+1.2% vs. Est.; +2.6% q/q; +3.5% y/y) and **EBITDA** clocked in at **R\$2.7bn** (-0.3% vs. Est.; +6.9% q/q;), in line with expectations, with an overall narrative close to what we had already commented on in previous publications, given that the **driving force** of **North America BD** more than offset the **adverse scenario** in **Brazil BD**. Still, it is worth mentioning positive highlights such as **(i)** shipments and **(ii)** COGS/t showing more efficiency than anticipated, balancing **(iii)** lower-than-expected realized prices, in both divisions.

Brazil BD reported shipments (DM+FM) of **1.6Mt** (+7% vs. Est.), surprising positively by rising **+17% q/q** and **+8% y/y**, driven by operations resumption in Ouro Branco (MG) and ramp-up of the BQ2 rolling mill, which increased flat steel production and freed up capacity for exports above the historical level of ~300Kt. The realized price reached (DM+FM) **R\$4,865/t** (-3.4% vs. Est.), contracting **-9.8% q/q** and **-9.9% y/y**, pressured by unfavorable mix, with a greater weight of lower value-added exports and a competitive domestic environment, still marked by high penetration of imports (~23%). Above all, operations in Ouro Branco (MG) drove **COGS/t** downwards to **R\$4,611/t** (-2.6% vs. Est.), decompressing -8.0% q/q, with a level of efficiency better than was already expected. As a result, **EBITDA** was recorded at **R\$763mn** (-1.2% vs. Est; -13% q/q; -50.4% y/y), with a **margin** of **9.9%** (second worst in 8Y).

Shipments from **North America BD** reached **1.3Mt** (+1% vs. Est.), slightly above expectations, growing on an already strong base from last quarter by **+3.0% q/q** and **+10.4% y/y**, sustained by heated domestic demand in the US and reduced imports after the reinforcement of Section 232 tariffs (imports penetration down - 57% in 9M25 vs. 9M24, US Census data). The order book remained stable sequentially, but at robust levels, at ~70 days (vs. below 60 days pre-tariffs), with record performance in downstream products.

The realized price was marked at **R\$7,104/t** (-1.4% vs. Est.), contracting **-2.4% q/q**, slightly below expectations, impacted by the USD/BRL FX rate softening (-4% q/q), which neutralized the advance in USD (+1.4% q/q), despite the premium product mix. **COGS/t** reached **R\$5,911/t** (-1.9% vs. Est.), down **-4.2% q/q**, reflecting **(i)** productivity gains, **(ii)** greater fixed costs dilution with strong volumes, and **(iii)** a favorable FX rate effect in cost conversion into BRL, in addition to **(iv)** unit verticalization (~40% of captive scrap), which continues to mitigate the volatility of the spot market (+4% q/q). Reported **EBITDA** was **R\$1.8bn** (-0.9% vs. Est.; +11.3% q/q; +43.1% y/y), resulting in a **margin** of **19.8%** (+1.9p.p. q/q; in line vs. Est.).

3Q25 Review: In detail!

Brazil BD: Exports upwards; Price below expectations. Total sales (DM+FM) reached 1,582Kt (+7.0% vs. Genial Est.), exceeding our projections, reflecting the operations resumption in Ouro Branco (MG), after the restrictions observed in 2Q25, and ramp-up of the BQ2 rolling mill, which increased flat steel production and freed up capacity for exports to above the historical level of ~300Kt. The foreign market (FM) totaled 330Kt (+9.5% vs. Genial Est.), rising +70.5% q/q; +29.7% y/y, driven by increased exports of long steel, in line with higher production volume and supply redirection.

In turn, in the domestic market (DM), shipments totaled 1,252Kt (+6.3% vs. Genial Est.), accelerating +7.7% q/q and +3.6% y/y, also above estimates, sustained by the resilience of civil construction and infrastructure, which partially offset the drop in automotive demand and the scenario of rebar oversupply. It is worth noting that, even with the decline in imports in 3Q25, penetration remains high (23% vs. historical average of ~12%), which has limited the competitive space for domestic mills.

The realized price (DM+FM) reached R\$4,865/t (-3.4% vs. Genial Est.), contracting -9.8% q/q and -9.9% y/y, coming in below expectations mainly due to the less favorable mix, with a greater weight of exports — shipments above historical levels reduced the portfolio price, since part of this volume was directed to contracts with lower added value — and the impact of the still pressured domestic environment — reflecting contracting prices of long steel products, such as rebar.

North America BD: Prices slightly down, but demand remains strong. Shipments were reported at 1,293Kt (+1.0% vs. Genial Est.), up +3.0% q/q and +10.4% y/y, slightly above expectations, but in line with strong demand in the US for locally produced steel, with a reduction in imports (-57% in 9M25 vs. 9M24, US Census data) after the reinforcement of Section 232 tariffs. The order book level remained basically stable sequentially, at 70 days (vs. below 60 days pre-tariffs), indicating sustained volumes in sectors such as non-residential construction and renewable energy, in addition to good performance in downstream products, which reached record levels.

On the price side, we observed a realization of R\$7,104/t (-1.4% vs. Genial Est.), slightly below our projection, falling -2.4% q/q, reflecting **(i)** the USD/BRL FX rate softening (-4% q/q), which completely neutralized the advance in USD (+1.4% q/q), with **(ii)** an improvement in the mix and greater participation of higher value-added products.

South America BD: Stable sales, prices in line. In terms of volumes, we saw the company reach 289Kt (+0.4% vs. Genial Est.), stable at +0.2% q/q and up +9.9% y/y, in line with our estimates, reflecting the good performance of Peru, where civil construction demand remains resilient, and the gradual sales level return in Argentina after a decline in 1H25. The realized price was R\$4,761/t (+1.1% vs. Genial Est.), accelerating +3.2% q/q and declining -13.8% y/y, showing a slight sequential improvement in the mix vs. the pressured 2Q25. However, it is worth noting that operations in South America are still experiencing fragile demand in Argentina and an increase in imported steel, which already exceeds the total volume for 2024, putting strong pressure on local prices.

Net Revenue: Sustained by strong volumes, both Brazil and US. Consolidated Net revenue reached R\$18bn (+1.2% vs. Genial Est.), up +2.6% q/q and +3.5% y/y, with positive contributions from Brazil (+3.3% vs. Est.) and South America (+1.5% vs. Est.). The deviation mainly reflected higher volumes shipped in Brazil (+7% vs. Est.), which more than offset the compression in realized prices (-3.4% vs. Est.) and boosted the division's nominal revenue. Despite lower-than-expected prices due to a less favorable mix — with a greater weight of exports and a still competitive domestic environment — the volume-driven effect was more relevant. In South America BD, the slight positive surprise also contributed, driven by resilient demand in Peru and gradual volumes return in Argentina.

Table 3. Net Revenue Gerdau (3Q25 vs. Genial Est.)

(R\$ millions)	3Q25	3Q25E	% R/E	2Q25	% q/q	3Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
Net Revenue	17.983	17.770	1,2%	17.526	2,6%	17.378	3,5%
Brazil BD	7.697	7.448	3,3%	7.317	5,2%	7.900	-2,6%
North America BD	9.185	9.230	-0,5%	9.139	0,5%	8.260	11,2%
South America BD	1.376	1.356	1,5%	1.331	3,4%	1.452	-5,2%
Eliminations	(275)	(264)	4,0%	(261)	5,3%	(234)	17,6%

Source: Gerdau, Genial Investimentos

Brazil BD: COGS/t below Est; driven by Ouro Branco efficiency. With a better-than-expected efficiency performance, COGS/t was reported at R\$4,611/t (-2.6% vs. Genial Est.), cooling -8.0% q/q and +3.0% y/y, reflecting the **(i)** operational reestablishment of the Ouro Branco (MG) plant, after the company faced restrictions last quarter due to the works mobilization to connect the Miguel Burnier mine (MG) to the plant's facilities, in addition to adjustments made to one of the blast furnaces to activate the BQ2 project rolling mill. This, in turn, led to lower fixed costs and better management of iron ore and metallurgical coal in this quarter, supported by heat balance optimization. We had already expected this movement, but the vigor of the cost reduction was above projections.

In addition, **(ii)** higher utilization rates at the mini mills also generate gains in the dilution of fixed costs. On the other hand, it is worth noting that the annual comparison still shows a slight increase (+3% y/y), due to costs associated with operational interventions carried out throughout 1H25 and the more favorable base in 2024, when the company benefited from the units hibernation (Barão de Cocais-MG and Maracanaú-CE).

North America BD: COGS/t also declines more than expected. For North American operations, COGS/t reached R\$5,911/t (-1.9% vs. Genial Est.), falling -4.2% q/q and -4.2% y/y, also showing more efficiencies than already projected, given **(i)** the USD/BRL FX rate softening (-4% q/q) and **(ii)** productivity gains achieved at the long products and special steels plants. If we do the math in USD, the cost declined less sharply (-2.5% q/q vs. -4.2% q/q in BRL), but we still believe that this was supported by the high asset utilization rate (85-87% Est. vs. ~72% pre-tariffs in 4Q24) and by ongoing efforts to control fixed costs, factors that favored the expenses dilution and the operation stability. In addition, the unit verticalization, with ~40% of scrap from captive sources, continued to mitigate spot market volatility (+4% q/q) and ensure greater structure predictability.

EBITDA: Rising sequentially; in line with Est. Consolidated adjusted EBITDA totaled R\$2.7bn (-0.3% vs. Genial Est.), advancing +6.9% q/q and declining -9.2% y/y, in line with our projections, reflecting a compensation factor between divisions. The quarter storyline consolidates what we had commented on in recent reports. Operations in North America performed strongly—both in terms of volumes and COGS/t—reaching EBITDA of R\$1.8bn (-0.9% vs. Genial Est.), in line with expectations, rising +11.3% q/q and +43.1% y/y.

This was more than enough to offset the anemic performance of Brazil BD, which recorded EBITDA of R\$763mn (-1.2% vs. Est.), down -13% q/q and -50.4% y/y, with more intense than expected realized price contractions (-9.8% q/q; -1.4% vs. Est.), presenting a margin of 9.9% (second worst in 8Y). South America BD was also a positive highlight, with EBITDA of R\$243mn (+28% vs. Est.), coming from a very weak base last quarter, with a recovery of +56.9% q/q and +1.7% y/y.

Table 4. EBITDA Gerdau (3Q25 vs. Genial Est.)

(R\$ millions)	3Q25	3Q25E	% R/E	2Q25	% q/q	3Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
Adjusted EBITDA	2.737	2.745	-0,3%	2.561	6,9%	3.016	-9,2%
Brazil BD	763	772	-1,2%	877	-13,0%	1.540	-50,4%
North America BD	1.820	1.837	-0,9%	1.635	11,3%	1.272	43,1%
South America BD	234	183	27,8%	149	56,9%	230	1,7%
Eliminations	(80)	(47)	69,7%	(101)	-20,4%	(26)	207,9%

Source: Gerdau, Genial Investimentos

Net income slightly higher; better financial results. Reported Net income was R\$1.1bn (+5.8% vs. Genial Est.), rising +26.1% q/q and falling -19.6% y/y, with a net margin of 6.1% (+0.3p.p. vs. Genial Est.), accelerating +1.1p.p. q/q and declining -1.7p.p. y/y. The positive deviation from our projections is explained by the net financial result of -R\$223mn (-41.2% vs. Genial Est.), whose improvement more than offset the slightly lower-than-expected EBIT (-3.1% vs. Est.). The positive financial surprise resulted from higher investment income, combined with the favorable effect of FX rate variations and inflation adjustments in Argentina, which reduced the impact of ordinary financial expenses.

Table 5. Income Statement Gerdau (3Q25 vs. Genial Est.)

(R\$ millions)	3Q25	3Q25E	% R/E	2Q25	% q/q	3Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
Net Revenue	17.983	17.770	1,2%	17.526	2,6%	17.378	3,5%
COGS	(15.841)	(15.663)	1,1%	(15.495)	2,2%	(14.801)	7,0%
Adjusted EBITDA	2.737	2.745	-0,3%	2.561	6,9%	3.016	-9,2%
EBITDA Margin (%)	15,2%	15,4%	-0,2p.p	14,6%	0,6p.p	17,4%	-2,1p.p
EBIT	1.659	1.712	-3,1%	1.485	11,7%	2.121	-21,8%
EBIT Margin (%)	9,2%	9,6%	-0,4p.p	8,5%	0,7p.p	12,2%	-3p.p
D&A	(938)	(952)	-1,5%	(937)	0,2%	(796)	17,8%
Financial Result	(223)	(379)	-33,4%	(335)	-33,4%	(323)	-30,9%
Net Income	1.090	1.030	5,8%	864	26,1%	1.356	-19,6%
Net Margin (%)	6,1%	5,8%	0,3p.p	4,9%	1,1p.p	7,8%	-1,7p.p

Source: Gerdau, Genial Investimentos

Table 4. EBITDA Gerdau (3Q25 Genial Est.)

(R\$ millions)	3Q25E	2Q25	% q/q	3Q24	% y/y
	Genial Est.	Reported		Reported	
Adjusted EBITDA	2.745	2.561	7,2%	3.016	-9,0%
Brazil BD	772	877	-12,0%	1.540	-49,8%
North America BD	1.837	1.635	12,3%	1.272	44,4%
South America BD	183	149	22,8%	230	-20,4%
Eliminations	(47)	(101)	-53,1%	(26)	81,4%

Source: Gerdau, Genial Investimentos

Net Income: Sequential increase and annual decline. We believe that the company's consolidated net income should reach R\$1.0bn (+19.1% q/q; -24.1% y/y), with a significant increase in the sequential comparison and a sharp contraction on an annual basis. The q/q movement should be sustained by EBIT growth (+15.2% q/q Est.), a direct reflection of the expansion in consolidated EBITDA and improved operating efficiency, especially in North America BD, which should continue to sustain the consolidated result even in the face of worsening financial results. In the annual comparison, however, net income should decline, in line with lower operating income (-19.3% y/y Est.), since the Brazilian operation still showed high profitability in 3Q24. The effect should be intensified by higher net financial expenses (+17.5% y/y Est.), reflecting the increase in the cost of debt in an environment of SELIC at 15%.

Table 5. Income Statement Gerdau (3Q25 Genial Est.)

(R\$ millions)	3Q25E	2Q25	% q/q	3Q24	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	17.770	17.526	1,4%	17.378	2,3%
COGS	(15.663)	(15.495)	1,1%	(14.801)	5,8%
Adjusted EBITDA	2.745	2.561	7,2%	3.016	-9,0%
EBITDA Margin (%)	15,4%	14,6%	0,8p.p	17,4%	-1,9p.p
EBIT	1.712	1.485	15,2%	2.121	-19,3%
EBIT Margin (%)	9,6%	8,5%	1,2p.p	12,2%	-2,6p.p
D&A	(952)	(937)	1,7%	(796)	19,6%
Financial Result	(379)	(335)	13,3%	(323)	17,5%
Net Income	1.030	864	19,1%	1.356	-24,1%
Net Margin (%)	5,8%	4,9%	0,9p.p	7,8%	-2p.p

Source: Gerdau, Genial Investimentos

Our Take on Gerdau

FCF returns to positive territory, as we predicted. The **FCF** reached **R\$1bn** (-8% vs. Genial Est.), close to what we were projecting, reversing the -R\$773mn burn in 2Q25, but down -17% y/y (ex. the non-recurring effect of +R\$1.8bn in 3Q24). The slight negative deviation from our estimate was due to **(i)** higher **CAPEX** disbursements, reaching **R\$1.7bn** (+12% vs. Est.), up +3% q/q and +3% y/y, impacted by Miguel Burnier's (MG) budget revision to R\$3.6bn (+12.5% vs. previous) and Midlothian's (US) phase 1 to R\$1.2bn (+6% vs. previous), both changes having already been disclosed by the company (Oct. 1). In addition, we saw a **(ii)** lower release of working capital (**WC**) resources to **+R\$305mn** (-13% vs. Est.), but still returning to the positive side vs. consumption of -R\$286mn in 2Q25, reflecting the reduction in the balance of suppliers. These effects, which were greater than our model predicted, were mitigated by **(iii)** lower interest and tax expenses vs. the reductions level we had anticipated in these outflows.

The distribution of **dividends** will total **R\$555mn** (R\$0.28/share), with payment on Dec. 11 and **ex-date on Nov. 11**. On an accrual basis, if we add up the respective announcements for 2025 (R\$203mn + R\$244mn + R\$240mn + R\$555mn), we arrive at a **Dividend Yield** of **3.5%** (below 4% Est.). In addition, by Oct. 25, the company had repurchased ~57 million shares (88% of the total 2025 program, authorized in Jan. 25), totaling R\$902mn, with the cancellation of ~1 million ON and ~51 million PN, representing 91% of the repurchased shares. If we add this amount to the previously calculated distribution of earnings, we reach a **Total Yield** of **~6%** (in line vs. Est.).

Brazil BD: Concerns remain, but is there light at the end of the tunnel?

September data from the Brazilian Steel Institute (**IABr**) reinforces a still weak picture for the domestic steel market. Domestic production totaled 2.8Mt (-3.2% y/y), while sales fell to 1.9Mt (-1.0% y/y) —, divided between 1.1Mt in flat steel (-3.9% y/y) and 791Kt in long steel (+6.0% y/y). Apparent consumption also declined, reaching 2.3Mt (-5.0% y/y), reflecting lower industrial activity and the postponement of civil construction projects. Even so, there was a **positive point**: the **penetration of imports fell to 16.4%** (-3.8p.p. y/y), accompanying the reduction in **imports to 446Kt** (-32% y/y), representing a light at the end of the tunnel for an environment with less price competition.

Nevertheless, we emphasize that as apparent consumption declined, part of the slowdown in imports was not absorbed by domestic mills because of the contraction in demand. This calls into question the **durability of the slowdown** in the penetration rate of imports. It is possible that if demand improves again, the imports level will also rise. In general terms, our understanding is that the data reinforced that the domestic competitive environment should remain challenging.

North America BD: Worse seasonality in 4Q25E vs. better mix. Looking ahead, our expectations for 4Q25E are for the solid pace we are projecting for this quarter to continue, even in the face of the typical downwards seasonality, when volume historically tends to **decline** between **-8-10% q/q**. We believe that the order book should remain at current levels (~70 days, considered robust), signaling a significantly higher demand base vs. 4Q24. This achievement should be sustained by a supply matrix increasingly focused on domestic production and by imported penetration that has already stabilized, given the tariff protections guaranteed in Section 232 (~50%).

Even if exceptions occur again for some geographies, we believe they will be isolated during the Trump administration.

On the price side, part of the adjustments implemented throughout 3Q25 — concentrated between Jul-Sep — should be fully reflected in 4Q25E, with a **positive carry-over** of **+4% q/q Est.** on the realized price in USD, reinforced by very marginal capacity expansions mapped between domestic plants in the US (+25–50Ktpy), unable to change the supply situation. In other words, the US market appears to be at little risk of being flooded with supply, so that the gain in demand should be captured via price increases.

Bright outlook, but no slack in CAPEX. It is worth noting that we were expecting a **y/y reduction in CAPEX** in line with the 25E linear trajectory vs. gross up in 2H24, something that was not observed. Expenditure totaled **R\$1.7bn** (+3% y/y). If the company's guidance is maintained at **R\$6bn 25E**, the remaining cushion be burned in 4Q25E would be **R\$1.3bn**, which would imply a reduction of **-45% y/y**, reaching the **lowest level for a 4Q since 2021** (R\$1.2bn).

On the operational side, even though **Brazil BD** posted a **margin of 10%** (-0.4p.p. vs. Est., 2nd worst in 8Y), we remain confident that the **scenario in 2026** could mark a **turning point** after the domestic steel cycle bottomed out, supported by three main factors: **(i)** a **+4.2%** increase in **HRC** prices (Oct. 1), which should have a **positive impact in 4Q25E**; **(ii)** a softening of the aggressive commercial strategy for rebar, justified by the total shipments reported (+17% q/q) and the consequent recovery of market share in the southeast; and **(iii)** a +10% return in exports vs. the normalized level (300Kt), which should continue to act as a safety valve for volumes, helping to dilute fixed costs and tempering the possibility of increased production idleness.

For **North America BD**, we continue to believe in sustained **high profitability** (~20% margin), reflecting the **full effect** of the **price adjustments**, which have already partially demonstrated their consequences in 3Q25 (+2% q/q, in USD), added to the recent **interest FED rate cut** of **-25bps**, reducing the range to 3.75–4%, maintaining strong demand for steel in view of the lower cost of financing for capital goods and non-residential construction.

Therefore, although the scenario seems promising, the CAPEX 25E guidance assumes a significant slowdown in 4Q25E (-45% y/y), justifying that **investments slack until year-end is minimal**, and the company will need discipline in capital allocation to meet its guidance – we see a risk of exceeding this year's budget. Even so, our perception is that **consolidated EBITDA should continue to grow**, pushing forward the **FCF Yield 26E** to **18%** (+5p.p. vs. 25E). Therefore, we reiterate our **BUY** rating, with a **12M Target Price** of **R\$21.50**, implying an **upside** of **+14.9%**.

Appendix: Gerdau

Figure 1. Gerdau – Income Statement in R\$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	73.496	74.966	77.215	79.917
(-) COGS	(58.488)	(58.900)	(60.803)	(63.210)
Gross Profit	15.008	16.066	16.412	16.708
(-) Expenses	(2.383)	(2.431)	(2.504)	(2.592)
Adjusted EBITDA	12.625	13.635	13.908	14.116
(-) D&A	(3.757)	(3.833)	(3.948)	(4.086)
EBIT	8.868	9.802	9.960	10.031
(+/-) Financial Result	(2.219)	(2.263)	(2.331)	(2.412)
(-) Taxes	(1.052)	(941)	(891)	(852)
Net income	5.597	6.599	6.738	6.767
Profitability				
Net margin (%)	7,6%	8,8%	8,7%	8,5%

Figure 2. Gerdau– Cash Flow in R\$ Millions (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	73.496	74.966	77.215	79.917
(-) COGS	(58.488)	(58.900)	(60.803)	(63.210)
Adjusted EBITDA	12.625	13.635	13.908	14.116
EBIT	8.868	9.802	9.960	10.031
(-) Taxes	(1.052)	(941)	(891)	(852)
(+) D&A	3.757	3.833	3.948	4.086
(+/-) Δ WK	(110)	(112)	(115)	(119)
(-) Capex	(6.000)	(4.700)	(6.225)	(6.360)
FCFF	5.463	7.883	6.676	6.785

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	Definition	Coverage
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under Review	Under review	5%

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