genial | Equity Research

USIMINAS

4Q25 Preview: Repriced, not rewritten

LatAm Metals & Mining

(i) DM: Shipments of **970Kt Est.** (-2.2% q/q; +0.9% y/y), reflecting weaker seasonal demand in 4Q; realized price of **R$4,985/t Est.** (-5.5% q/q), pressured by negative mix effect; **(ii) FM:** Shipments of **110Kt Est.** (-2.2% q/q; +14.4% y/y), reflecting stable exports; realized price of **R$4,783/t Est.** (-2.6% q/q), partially affected by USD/BRL easing (-1% q/q); **(iii) Steel (DM+FM):** Total shipments of **1,079Kt Est.** (-2.2% q/q; +2.1% y/y); consolidated realized price of **R$4,965/t Est.** (-5.3% q/q; -10.1% y/y), pressured by unfavorable mix, particularly lower automotive exposure; **(iv) MUSA:** Shipments of **2,458Kt Est.** (-1.8% q/q; +11.6% y/y), reflecting mild seasonal normalization after a stronger prior quarter; realized price of **R$395/t Est.** (+4.0% q/q), supported by the 62% Fe benchmark (+4% q/q) offsetting USD/BRL devaluation (-1% q/q); **(v) Net Revenue** estimated at **R$6.2bn Est.** (-6.1% q/q; -4.3% y/y), driven by weaker steel pricing and volumes, partially offset by higher mining prices; **(vi) COGS/t:** In steel, **R$4,805/t Est.** (-3.5% q/q; -7.2% y/y), reflecting cheaper inputs partially offset by logistics, maintenance, and overheads; **(vii) EBITDA** at **R$360mn Est.** (-17.1% q/q; -30.6% y/y), with a sharp contraction in steel to **R$194mn Est.** (-36.9% q/q; -46.8% y/y) due to price compression and negative mix, partially offset by MUSA at **R$166mn Est.** (+27.4% q/q; +7.6% y/y) driven by higher realized prices; **(viii) Net income** of **R$67mn Est.**, reflecting sequential normalization after impairment-driven losses in 3Q25, despite weaker operating results, as the absence of extraordinary non-cash effects allows earnings to revert to a modest profit; **(ix)** We had **revised upwards** our **12M Target Price** to **R$7.00** (vs. R$4,75 previously), implying an **upside** of **+11%**, consistent with the current risk environment. In this context, and absent clearer evidence of effective and scalable policy execution, we decided to maintain a **NEUTRAL rating**, as the risk–reward profile remains balanced.

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Company

USIM5 BZ Equity
Neutral

Price: R$ 6.30 (30-Jan-2026)
Target Price 12M: R$ 7.00

Table 1. Shipments Summary (4Q25 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Shipments)	**4Q25E**	**3Q25**	**% q/q**	**4Q24**	**% y/y**
Steel	1.079	1.104	**-2,2%**	1.057	**2,1%**
Iron Ore	2.458	2.503	**-1,8%**	2.202	**11,6%**

Source: Usiminas, Genial Investimentos

Table 2. Income Statement Summary (4Q25 Genial Est.)

(R$ millions)	Genial Est.	Reported		Reported	
Income Statement	**4Q25E**	**3Q25**	**% q/q**	**4Q24**	**% y/y**
Net Revenue	6.201	6.604	**-6,1%**	6.480	**-4,3%**
Adjusted EBITDA	360	434	**-17,1%**	518	**-30,6%**
Net Income	67	(3.503)	**-**	(117)	**-**

Source: Usiminas, Genial Investimentos

Usiminas will release its **4Q25** figures on **Feb. 13**, before the market opens. We believe that steel division should continue to weigh negatively on consolidated results, while mining (MUSA) partially mitigates the decline through higher realized prices.

In **steel**, we expect a **(i)** softer seasonal volume profile combined with **(ii)** material price pressure and a negative mix effect. In the domestic market (**DM**), we estimate shipments of **970Kt Est.** (-2.2% q/q; +0.9% y/y) and realized prices of **R$4,985/t Est.** (-5.5% q/q; -9.9% y/y), reflecting a more competitive environment, limited pass-through to distributors and lower exposure to higher value-added automotive products.

In the foreign market (**FM**), we project sales of **110Kt Est.** (-2.2% q/q; +14.4% y/y), with low representativeness in the overall mix, and realized prices of **R$4,783/t Est.** (-2.6% q/q; -11.6% y/y) reflecting FX effects. In aggregate (**DM+FM**), we estimate steel shipments of **1,079Kt Est.** (-2.2% q/q; +2.1% y/y) and a consolidated realized price of **R$4,965/t Est.** (-5.3% q/q; -10.1% y/y). On the **cost** side, **COGS/t** in steel should reach **R$4,805/t Est.** (-3.5% q/q; -7.2% y/y), with sequential relief driven by the carryover of lower input prices, though insufficient to offset the sharper sales mix price downfall.

In **mining** (MUSA), we expect slightly lower volumes but stronger prices. We project **shipments** of **2.4Mt Est.** (-1.8% q/q; +11.6% y/y) and a realized price of **R$395/t Est.** (+4.0% q/q; +13.3% y/y), supported by the increase in the 62% Fe benchmark to US$106/t (+4% q/q). COGS/t should remain stable at R$313/t Est. (-0.2% q/q; +13.0% y/y).

As a result, we project total **Net Revenue of R$6.2bn Est.** (-6.1% q/q; -4.3% y/y), with consolidated Adjusted **EBITDA** of **R$360mn Est.** (-17.1% q/q; -30.6% y/y). Among the business units, steel EBITDA is expected to decline sharply to R$194mn Est. (-36.9% q/q; -46,8% y/y) and mining EBITDA clocking at R$166mn Est. (+27.4% q/q; +7,6% y/y). Finally, **Net Income** should reach **R$67mn Est.** (loss reversal q/q and y/y), reflecting sequential normalization after the impairment-driven loss in 3Q25.

4Q25 Preview: In detail!

Steel: DM with price pressure q/q; softer seasonal volumes. We project domestic market (DM) shipments of 970Kt Genial Est. (-2.2% q/q; +0.9% y/y), reflecting a weaker seasonal profile in 4Qs. Volumes should be delivered slightly higher than the previous year, with no material surprises across end markets, reinforcing the view of a seasonal slowdown on quarterly basis.

We estimate realized prices contracting to R$4,985/t Genial Est. (-5.5% q/q; -9.9% y/y), reflecting a more competitive environment with imported steel and a negative material mix effect. The lower contribution from the automotive segment, driven by extended collective vacations and temporary production disruptions at automakers, should considerably reduce the share of higher value-added products. Although the company implemented price adjustments to distributors during the quarter, we evaluate that the pass-through was limited due to inventory restocking dynamics on the distribution channel, constraining the impact on prices.

Steel: FM stays briefly the same, with low representativeness. Foreign market (FM) shipments are set at 110Kt Genial Est. (-2.2% q/q; +14.4% y/y), reflecting broadly stable export volumes and a seasonal pattern, with no material deviations from the historical range. We emphasize the external market remains with very limited representativeness in the company's overall steel mix, such that small variations in volume or destination do not meaningfully change the quarter profile, unless tied to atypical large-scale projects (which is not the case in 4Q25).

We also project realized prices contracting, at R$4,783/t Genial Est. (-2.6% q/q; -11.6% y/y), still anchored to the 3Q25 base, but with the addition effect from the USD/BRL FX rate easing (-1% q/q). Our analysis suggests, therefore, that there were no relevant pricing developments in the external market during the quarter, given that the company already had no specific supply contracts for the oil & gas sector in the last couple of quarters. Argentina — traditionally closer to a domestic market due to automotive exposure — should remain present, but without sufficient weight to materially alter average realizations.

Steel: DM+FM with price pressure q/q. The consolidated performance of the steel division (DM+FM) should reflect, not only, lower shipments, but, mainly, a weaker price realization amid a more competitive environment and unfavorable mix. We project total shipments of 1,079Kt Genial Est. (-2.2% q/q; +2.1% y/y), with sequential compression due to a seasonal slowdown in DM and barely stable low-representativeness FM sales.

We estimate a consolidated realized price of R$4,965/t Genial Est. (-5.3% q/q; -10.1% y/y), reflecting a material negative mix effect, especially from the lower contribution of automotive products in DM and exports allocated to lower value-added destinations in FM.

MUSA: Price acceleration q/q offsets softer volumes. The mining division performance (MUSA) should reflect a mild sequential decline in shipments, more than offset by a meaningful increase in realized prices. We project sales of 2,458Kt Genial Est. (-1.8% q/q; +11.6% y/y), reflecting stable operations with marginal seasonal normalization after a stronger prior quarter. We estimate realized prices accelerating to R$395/t Genial Est. (+4.0% q/q; +13.3% y/y), reflecting a higher 62% Fe benchmark, that advanced to an average of US$106/t (+4% q/q), offsetting the devaluation of USD/BRL FX rate (-1% q/q), that partially reduce BRL conversion. As a result, MUSA should continue to act as a positive earnings buffer in the consolidated results for the quarter.

Net Revenue: Sequential decline driven by steel pricing. We project consolidated Net Revenue of R$6.2bn Genial Est. (-6.1% q/q; -4.3% y/y), reflecting a weaker contribution from the steel division, partially mitigated by the continued improvement in mining (MUSA). The sequential contraction should be primarily driven by **(i)** lower realized prices in steel, combined with **(ii)** softer seasonal volume profile and an **(iii)** unfavorable mix, while mining acts as a natural hedge through higher prices. In steel, we estimate revenues of R$5.4bn Est. (-7.3% q/q; -8.2% y/y), reflecting the contraction in consolidated realized prices and lower shipments. In mining (MUSA), we project revenues of R$970mn Est. (+2.1% q/q; +26.5% y/y), sustained by higher realized prices following the appreciation of the 62% Fe benchmark, which more than offsets the mild decline in volumes and the residual negative FX effect.

Table 3. Net Revenue Usiminas (4Q25 Genial Est.)

(R$ millions)	4Q25E Genial Est.	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	**6.201**	**6.604**	**-6,1%**	**6.480**	**-4,3%**
Steel	5.359	5.784	-7,3%	5.840	-8,2%
Mining	970	950	2,1%	767	26,5%
Eliminations	(129)	(129)	-0,6%	(127)	1,0%

Source: Usiminas, Genial Investimentos

COGS/t: Sequential decline in steel; flat mining costs. In the steel division, we project COGS/t of R$4,805/t Genial Est. (-3.5% q/q; -7.2% y/y), reflecting the cost reduction trajectory already anticipated by the management in the conference call after 3Q25 report. We believe the sequential decline should be mainly driven by **(i)** the carryover effect of lower input prices (metallurgical coal and iron ore, from past quarters), combined with **(ii)** a more stable operating rate after recent adjustments in BF3.

That said, relief should remain only partial. Cost items such as logistics, maintenance, and operational overheads may experience upward variations, but they are not being passed through due to tighter market conditions, given the greater supply of imported steel and slowing downstream demand. So, steel prices declined more sharply than costs. As a result, the steel division should continue to face margin pressure. In the mining division (MUSA), we estimate COGS/t at R$313/t Genial Est. (-0.2% q/q; +13.0% y/y), flat on a sequential basis, reflecting a steady operational run rate and efficiency gains, largely offset by a mild increase in freight costs (+1% q/q).

EBITDA: Down double digits. Consolidated adjusted EBITDA should clock in at R$360mn Genial Est. (-17.1% q/q; -30.6% y/y), reflecting a material sequential deterioration in steel division, only partially mitigated by a stronger contribution from mining (MUSA). In steel, we project an EBITDA of R$194mn Est. (-36.9% q/q; -46.8% y/y), reflecting the combined impact of sharply lower realized prices from a pronounced negative mix effect, and a weaker seasonal volume, which more than neutralized the relief observed on the cost side. Despite the expected decline in COGS/t, the magnitude of price compression and mix deterioration should drive a margin squeeze to just 4% (-1p.p. q/q), keeping steel profitability under intense pressure.

The mining division (MUSA), on the other hand, is expected to report EBITDA of R$166mn Genial Est. (+27.4% q/q; +7.6% y/y), benefiting from higher realized prices following the appreciation of the 62% Fe benchmark, combined with stable costs. Even with slightly lower shipments level, the positive price dynamic probably will be sufficient to deliver a meaningful sequential improvement in mining EBITDA.

Table 4. EBITDA Usiminas (4Q25 Genial Est.)

(R$ millions)	4Q25E Genial Est.	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Adjusted EBITDA	**360**	**434**	**-17,1%**	**518**	**-30,6%**
Steel	194	308	-36,9%	366	-46,8%
Mining	166	130	27,4%	154	7,6%
Eliminations	(0)	(4)	-90,7%	(2)	-76,7%

Source: Usiminas, Genial Investimentos

Net Income: Sequential normalization after impairment-driven loss. We project consolidated Net income of R$67mn Genial Est., reflecting a sharp sequential improvement driven by the absence of extraordinary non-cash effects recorded in the previous quarter, despite weaker operating. The q/q recovery should be explained by normalization vs. 3Q25, which was heavily distorted by impairment charges and tax asset reversals (R$3.6bn), masking an otherwise stable underlying performance. In 4Q25, with no comparable accounting shocks, earnings should revert to a modest profit even as EBITDA contracts.

We emphasize that if it weren't for the impairment, the "recurrent" net income of the company in the 3Q25 should have been ~R$100mn, which give us a better comparable look of how the operational contraction should infer in the bottom line, even with a drop on the net financial result to -R$24mn (-67% q/q; -92% y/y), manly answered by the contraction in gross debt in the previous quarter to R$6.4bn (-18% q/q).

Table 5. Income Statement Usiminas (4Q25 Genial Est.)

(R$ millions)	4Q25E Genial Est.	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	**6.201**	**6.604**	**-6,1%**	**6.480**	**-4,3%**
COGS	(5.822)	(6.158)	-5,4%	(5.961)	-2,3%
Adjusted EBITDA	**360**	**434**	**-17,1%**	**518**	**-30,6%**
EBITDA Margin (%)	5,8%	6,6%	-0,8p.p	8,0%	-2,2p.p
EBIT	**65**	**(2.070)**	**-**	**245**	**-73,4%**
EBIT Margin (%)	1,0%	-31,3%	-	3,8%	-2,7p.p
D&A	(298)	(323)	-7,6%	(314)	-5,1%
Financial Result	(24)	(72)	-66,6%	(299)	-91,9%
Net Income	**67**	**(3.503)**	**-**	**(117)**	**-**
Net Margin (%)	1,1%	-53,0%	-	-1,8%	-

Source: Usiminas, Genial Investimentos

Our Take on Usiminas

FCF positive, with marginal decline driven by CAPEX. We project **FCF** of **R$593mn Genial Est.** (-3% q/q; reversal vs. burn y/y). On the **operating** side, cash generation should remain stable, with **(i)** operational FCF of **R$526mn Genial Est.** (+2% q/q) and **(ii)** changes in working capital (**WC**) almost with an increase at **R$750mn Genial Est.** (+9% q/q), implying a still great release during the quarter. As such, CFO + WC dynamics should not explain the sequential low decline in FCF. The weaker q/q performance should be almost entirely driven by **higher CAPEX**, which we project at **R$433mn Genial Est.** (+63% q/q; +13% y/y), reflecting the execution of projects already embedded in the company's **R$1.2–1.3bn 25E** guidance.

This CAPEX acceleration should more than offset stable operating cash generation, compressing FCF in the quarter. About y/y, we expect a reversal of the burn, mainly driven by the release of WC instead of absorption (-R$322mn in 4Q24). Overall, despite the sequential contraction, the company should continue to report almost a **flat positive FCF**, reinforcing balance-sheet resilience in a still challenging operating environment, while a more structural improvement in cash generation should remain contingent on a recovery in steel spreads beyond **26E**, which continues **not being our base-case scenario**.

Anti-dumping: A more political than technical bias. While the confirmation that decisions are now expected only in 2026 initially frustrated investors looking for earlier outcomes, it is important to contextualize the market reaction considering the stock's subsequent performance. Following the 3Q25 results released on **26/Oct**, the **shares have appreciated +22%**, suggesting that a significant portion of the market has already speculatively internalized the expectation that the government will eventually corroborate anti-dumping measures, particularly in flat steel segments where the company has higher exposure.

In our view, this rally reflects **not a change in fundamentals**, but rather the **pricing-in of a policy outcome** that would, in theory, improve competitive conditions vs. imported steel, especially from China. However, our recent discussion with the company **reinforced our more cautious stance**. As we previously stated, we believe that, although the technical case for anti-dumping is robust and well documented, the **likelihood** that the Brazilian authorities deliver measures **with sufficient intensity** to materially alter competitive dynamics **appears limited**, particularly in the **current electoral context**, given that increases in steel prices could accelerate inflation in durable goods.

As highlighted, the main uncertainty is no longer whether dumping exists (this has been technically demonstrated) but whether political considerations, inflation sensitivity, and public-interest arguments will dilute the outcome. In this sense, while some form of measure still seems likely, we believe the **marginal upside from anti-dumping** at this stage should **constrained**, as expectations are already largely embedded in the share price, and the risk skews toward less aggressive implementation than what would be required to meaningfully offset Chinese competitiveness.

HRC probe gets extra time. Brazilian authorities have **extended the final phase of antidumping investigation** into imports of Chinese HRC to **Jul 20** (vs. Dec/25 previously), following publication in the official gazette on Dec. 26. According to the Ministry of Trade (MDIC), additional time is required to complete the analysis of financial injury and causal nexus, and to evaluate supplementary economic data from parties involved. The investigation — originally launched on **2/Jun** after authorities identified sufficient dumping evidence — had previously not disclosed a definitive closing date. The **petition was filed on Oct. 30, 2024**, by ArcelorMittal, Gerdau and Usiminas, with formal support from CSN and Aperam Inox, underscoring broad domestic industry backing.

The investigation is strictly limited to **Chinese-origin HRC**, with exporters to be selected via sampling, considering a pool of 20 major producers that collectively accounted for **386Mt** of crude steel in **2017** — equivalent to **46.4% of China's total output** —alongside other analytical criteria. For the determination of normal value, MDIC adopted the USA as the surrogate third-country reference, citing the lack of sufficiently comparable domestic pricing transparency in China. The product scope includes **(i)** HRC; **(ii)** coils; and **(iii)** thick plates classified under NCM 7208, 7211, 7225, and 7226, covering widths both above and below 600 mm, while explicitly excluding stainless, silicon, tool steels, and coated products.

HRC: The probationary phase and market reaction of it. The **probationary phase** — during which MDIC consolidates questionnaire responses and **(i)** verifies pricing, **(ii)** build-up cost, **(iii)** volume and **(iv)** financial injury metrics — is scheduled to **close on Apr. 21**, providing the evidentiary basis for the final ruling. At the end of the process, the authorities may impose definitive antidumping duties or terminate the investigation without measures. Despite the structural extension significance and its positive preliminary finding, **we do not expect immediate disruption to HRC imports**. In Dec, the **penetration rate** of **imports** closed at **17.2%** (+1p.p. y/y, data from IABr).

From our perspective, import buyers have already diversified sourcing strategies away from China, and logistics cycles for production, maritime transport, and customs clearance are considered fully compatible with the revised investigation timeline. It is important to note that **traders have already begun replacing Chinese supply** for South Korean material in domestic negotiations, while import logistics via hubs such as São Francisco do Sul (SC) remain operationally aligned with the extended schedule.

In essence, while the investigation signals heightened regulatory scrutiny and potential medium-term price support if tariffs are ultimately enforced, we expect short-term Brazilian **HRC supply** to **remain largely unaffected** until at least **mid-2026**. On top of that, as we have already mentioned in other publications, we do not consider the approval of anti-dumping measures in quantitative stages that are sufficient to solve the lack of liquidity in the mills financial results.

Repriced, not rewritten. The recent improvement in the macro environment, with foreign capital flowing out of the US and into the Brazilian stock market, leading to a compression of Brazil's risk premium, ultimately resulted in a **broad repricing of domestic equities**. In addition, we have already mentioned that since Oct. last year there has been an increase in buying interest in Usiminas' shares, as a way of **betting on the approval of anti-dumping measures** in several steel categories, which are to be judged by the Ministry of Commerce (MDIC), through the executive management committee (GECEX) throughout this year. So, shares rallied +**17% in the last 2M**.

Recent trade-defense developments support — rather than contradict — our more conservative bias. While the approval of definitive **anti-dumping duties** on **pre-painted steel** imports from China and India (on 29/Jan), alongside temporary tariff hikes on additional steel NCMs, confirms the government's willingness to act, the scope and product mix of the measures highlight a **selective and politically cautious** approach (just +9 NCMs approved into quota system, with low impact). In our view, these decisions are better interpreted as targeted adjustments aimed at **signaling support** for domestic industry **without materially disrupting inflation-sensitive segments**, rather than as broad-based actions capable of structurally restoring competitiveness in flat steel, where exposure to Chinese imports remains more acute.

This reinforces our decision to **keep steel price assumptions** in our model **unchanged** (at least for now). We assess that, although the technical case for broader anti-dumping remains well documented, political considerations, public-interest arguments, and inflation sensitivity continue to **constrain the likelihood** of **sufficiently aggressive implementation**. As a result, while further measures may still be approved, we see **limited scope for policy-driven upside** beyond what is already embedded in the shares price. Against this backdrop, we have indeed adjusted our model, but driven primarily by a **reassessment of our the discount rate** (Ke down to 13% vs. 17% previously) rather than by incremental operating or steel pricing.

Accordingly, we had revised upwards our **12M Target Price** to **R$7.00** (vs. R$4,75 previously), implying an **upside** of **+11%**, consistent with the current risk environment. In this context, and absent clearer evidence of effective and scalable policy execution, we decided to maintain a **NEUTRAL rating**, as the risk–reward profile remains balanced.

Appendix: Usiminas

Figure 1. Usiminas – Income Statement in R$ Millions (Genial Est. 25-28)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**26.289**	**26.106**	**26.876**	**27.898**
(-) COGS	(24.198)	(24.439)	(24.834)	(25.316)
Gross Profit	**2.091**	**1.667**	**2.042**	**2.582**
(-) Expenses	(3.524)	(1.296)	(1.272)	(1.310)
Adjusted EBITDA	**1.935**	**1.613**	**2.047**	**2.596**
(-) D&A	(1.248)	(1.263)	(1.288)	(1.326)
EBIT	**(1.433)**	**371**	**770**	**1.272**
(+/-) Financial Result	(132)	(149)	(145)	(145)
(-) Taxes	(1.407)	(49)	(118)	(171)
Net income	**(2.972)**	**172**	**507**	**956**
Profitability				
Net margin (%)	-11,3%	0,7%	1,9%	3,4%

Figure 2. Usiminas– Cash Flow in R$ Millions (Genial Est. 25-28)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**26.289**	**26.106**	**26.876**	**27.898**
(-) COGS	(24.198)	(24.439)	(24.834)	(25.316)
Adjusted EBITDA	**1.935**	**1.613**	**2.047**	**2.596**
EBIT	**(1.433)**	**371**	**770**	**1.272**
(-) Taxes	(1.407)	(49)	(118)	(171)
(+) D&A	1.248	1.263	1.288	1.326
(+/-) Δ WK	776	771	794	824
(-) Capex	(1.250)	(1.300)	(1.300)	(1.300)
FCFF	**(2.065)**	**1.055**	**1.434**	**1.951**

Disclosure Section

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	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
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Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

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