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USIMINAS

4Q25 Review: Protection up, yield down

LatAm Metals & Mining

Main takeaways:

(i) Steel (DM+FM): Shipments totaled **1,081Kt** (+0.1% vs. Genial Est.; -2.1% q/q; +2.2% y/y), with stronger exports (122Kt; +10.9% vs. Est.) partially offsetting softer DM (959Kt; -1.1% vs. Est.); realized price at **R$4,962/t** (flat vs. Est.; -5.3% q/q; -10.2% y/y), pressured by weaker mix and import penetration; **(ii) Mining (MUSA):** Shipments reached **2,463Kt** (+0.2% vs. Genial Est.; -1.6% q/q; +11.8% y/y); realized price at **R$401/t** (+1.6% vs. Est.; +5.7% q/q; +15.2% y/y), supported by the 62% Fe benchmark (+4% q/q); **(iii) Steel COGS/t** totaled **R$4,747/t** (-1.2% vs. Genial Est.; -4.7% q/q; -8.3% y/y), reflecting input deflation and cost discipline; **Mining COGS/t** reached **R$307/t** (-1.9% vs. Est.; -2.2% q/q; +10.8% y/y), slightly better than modeled; **(iv) Adjusted EBITDA** achieved **R$417mn** (+16% vs. Genial Est.; -3.9% q/q; -19.5% y/y), with steel at **R$227mn** (+16.5% vs. Est.) and mining at **R$185mn** (+11.3% vs. Est.), both supported by better cost performance; **(v) Net Income** totaled **R$129mn** (+91.7% vs. Genial Est.), reversing prior losses, driven by stronger EBIT at **R$134mn** (+105.9% vs. Est.) and a softer loss at net financial result of **-R$9mn** (-63.4% vs. Est.), decreasing -87.8% q/q and -97% y/y; **(vi)** In this context, while operational execution improved and regulatory developments move in the right direction, the increase in CAPEX should partially offsets the positive signals by reducing forward FCF creation clarity. Therefore, we maintain our **NEUTRAL rating** with **12M Target Price** of **R$7.00**, implying an **upside** of **+11%**, as the risk–reward profile remains balanced at current levels, implying.

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Company

USIM5 BZ Equity
Neutral

Price: R$ 6.32 (13-Feb-2026)
Target Price 12M: R$ 7.00

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

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Shipments)	**4Q25**	**4Q25E**	**% R/E**	**3Q25**	**% q/q**	**4Q24**	**% y/y**
Steel	1.081	1.079	**0,1%**	1.104	**-2,1%**	1.057	**2,2%**
Iron Ore	2.463	2.458	**0,2%**	2.503	**-1,6%**	2.202	**11,8%**

Source: Usiminas, Genial Investimentos

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

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**4Q25**	**4Q25E**	**% R/E**	**3Q25**	**% q/q**	**4Q24**	**% y/y**
Net Revenue	6.175	6.201	**-0,4%**	6.604	**-6,5%**	6.480	**-4,7%**
Adjusted EBITDA	417	360	**16,0%**	434	**-3,9%**	518	**-19,5%**
Net Income	129	67	**91,7%**	(3.503)	**-**	(117)	**-**

Source: Usiminas, Genial Investimentos

Usiminas released its **4Q25 results** on **Feb. 12**. The **EBITDA** reached **R$417mn** (+16% vs. Genial Est.; -3.9% q/q and -19.5% y/y), materially above expectations, supported by **better-than-expected cost performance** in both divisions. The operational highlight was the **improvement in COGS/t** particularly in **steel** division (-1.2% vs. Est.; -4.7% q/q; -8.3% y/y), partially offsetting **still-pressured** realized prices (-10.2% y/y). **FCF** was also a **positive surprise**, reaching **+R$744mn** (+26% vs. Genial Est.; +22% q/q; reversing burn y/y), reflecting stronger **operating cash flow** (+3% Est; +9% q/q; +4x y/y.) and **lower CAPEX** (-14% Est; -2% y/y.), staying below our expected mi-point **guidance** at **R$1.3bn 25E** (-5% vs. Est.).

The company reported **Net Revenue** of **R$6.2bn** (-0.4% vs. Genial Est.; -6.5% q/q; -4.7% y/y), with steel shipments totaling **1,081Kt** (+0.1% vs. Est.) and mining (MUSA) reaching **2,463Kt** (+0.2% vs. Est.), both slightly in line with our predictions. Steel prices (**DM+FM**) came in at **R$4,962/t** (flat vs. Est.; -5.3% q/q; -10.2% y/y), reflecting import pressure and mix seasonality, while mining realized **R$401/t** (+1.6% vs. Est.; +5.7% q/q; +15.2% y/y), benefiting from the stronger 62% Fe benchmark.

On **costs**, consolidated **COGS/t** reached **R$1,610/t** (-2.2% vs. Genial Est.; -5.7% q/q; -12.0% y/y), with steel at **R$4,747/t** (-1.2% vs. Est.), reflecting the continued carryover of lower raw material costs (iron ore and coal) and a more stable operating run rate after prior adjustments, and mining at **R$307/t** (-1.9% vs. Est.), both slightly better than projected.

As a result, **Adjusted EBITDA** totaled **R$417mn** (+16% vs. Genial Est.), with both divisions surpassing our preview values, with mining partially cushioning the still-compressed steel spreads in the y/y basis. Finally, **Net Income** reached **R$129mn** (+91.7% vs. Genial Est.; reversing losses q/q and y/y), supported by stronger **EBIT** of **R$134mn** (+1.1x vs. Est.) and a lower-than-expected net financial loss of **-R$9mn** (-63.4% vs. Est.; -87.8% q/q; -97% y/y).

4Q25 Review: In detail!

Steel (DM): Volumes and prices down. Domestic market shipments totaled 959Kt (-1.1% vs. Genial Est.), declining -3.3% q/q and remaining broadly stable y/y, slightly below our predictions, reflecting a slightly more than typical seasonality of 4Q and softer order flow in distribution. Although the automotive segment remained relatively resilient throughout the year, accounting for 30.1% (+0.4p.p. y/y) of flat steel sales in 2025, the quarterly slowdown in domestic activity and a still competitive environment limited a stronger performance vs. our base case.

The realized price reached R$4,999/t (+0.3% vs. Genial Est.), down -5.3% q/q and -9.7% y/y, virtually in line with our expectations, reflecting seasonality in the mix and intensified import penetration, which continued to pressure spreads in distribution and industrial channels. Even with price adjustments implemented during the quarter, pass-through dynamics remained constrained by elevated import volumes and weaker benchmark references, limiting margin recovery in the domestic steel business.

Steel (FM): Shipments elevated; pricing still pressured. Steel shipments to the foreign market (FM) totaled 122Kt (+10.9% vs. Genial Est.), rising +8.5% q/q and +26.9% y/y, coming meaningfully above our projections, appears to be linked to a stronger-than-expected export reallocation strategy during the quarter, to partially offset the softer domestic dynamics. Even so, exports remain a relatively small share of total steel shipments (~11% of flat steel volumes), such that variations in FM do not materially alter the consolidated mix, unless tied to specific higher value-added contracts, which was not the case this quarter.

On pricing, the realized price reached R$4,677/t (-2.2% vs. Genial Est.), declining -4.7% q/q and -13.5% y/y, slightly below our expectations, mainly driven by the continued deterioration in export benchmarks and a less favorable geographic mix, with lower participation from traditionally higher-ticket destinations. In addition, the softer USD/R$ FX dynamics during the quarter likely limited price translation in local currency. As a result, despite the positive volume surprise, profitability in the external market remained pressured, with weaker average ticket more than offsetting the incremental tonnage.

Steel (DM+FM): Total volumes contracted with negative seasonality. Consolidated steel shipments totaled 1,081Kt (+0.1% vs. Genial Est.), declining -2.1% q/q but rising +2.2% y/y, broadly in line with our forecasts, mainly led by stronger exports, with FM volumes reaching 122Kt (+10.9% vs. Genial Est.), partially offsetting softer domestic shipments at 959Kt (-1.1% vs. Genial Est.), which reflected the typical 4Q seasonality and weaker demand in credit-sensitive segments. On an annual basis, growth was supported by exports, consistent with management's strategy of reallocating volumes amid a more competitive domestic environment.

The consolidated realized price reached R$4,962/t (flat vs. Genial Est.), declining -5.3% q/q and -10.2% y/y, in line with our expectations. The sequential compression reflects both the domestic price decline (-5.3% q/q) and weaker export realizations (-4.7% q/q), amid intensified import pressure and a less favorable mix. Despite the pricing headwinds, performance came broadly as modeled, reinforcing that the quarter was primarily marked by mix and seasonality effects rather than unexpected commercial deterioration.

MUSA: Better result driven by prices. Iron ore shipments totaled 2,463Kt (+0.2% vs. Genial Est.), declining -1.6% q/q but advancing +11.8% y/y, broadly in line with our ridges and reflecting an already known mild seasonal normalization after the stronger 3Q25. Exports remained the majority of sales (~68% of total in 4Q25), maintaining the division's external exposure profile. The realized price reached R$401/t (+1.6% vs. Genial Est.), rising +5.7% q/q and +15.2% y/y, coming slightly above our expectations, supported by the upshift in the 62% Fe benchmark during the quarter to US$107.7/t (+4% q/q), partially offset by the USD/R$ FX softening to R$5.40 (-1% q/q). Even with softer shipments q/q, stronger pricing dynamics allowed MUSA to remain a relevant earnings stabilizer in the consolidated results for the period.

Net Revenue: Down mid-single digit q/q. Consolidated Net Revenue totaled R$6.2bn (-0.4% vs. Genial Est.), declining -6.5% q/q and -4.7% y/y, coming slightly below our projections, somewhat surprisingly impacted by the "Eliminations" line, which came materially above our estimate and diluted the positive deviation observed in Mining. In Mining (MUSA), Net Revenue totaled R$988mn (+1.8% vs. Genial Est.), advancing +4.0% q/q and +28.8% y/y, slightly above our assessments, mainly price-driven, with realized prices outperforming our model following the stronger 62% Fe benchmark, more than offsetting the mild sequential decline in shipments.

In Steel, Net Revenue reached R$5.4bn (+0.1% vs. Genial Est.), falling -7.3% q/q and -8.2% y/y, reflecting the contraction in consolidated realized prices amid intensified import penetration in the domestic market and a less favorable export mix. Volumes were broadly stable, with exports partially offsetting softer domestic shipments, but not enough to compensate for the price compression.

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

(R$ millions)	4Q25 Reported	4Q25E Genial Est.	% R/E	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	**6.175**	**6.201**	**-0,4%**	**6.604**	**-6,5%**	**6.480**	**-4,7%**
Steel	5.364	5.359	0,1%	5.784	-7,3%	5.840	-8,2%
Mining	988	970	1,8%	950	4,0%	767	28,8%
Eliminations	(177)	(129)	37,3%	(129)	36,6%	(127)	38,7%

Source: Usiminas, Genial Investimentos

COGS/t: Slow down due to lower inputs prices. Consolidated COGS/t reached R$1,610/t (-2.2% vs. Genial Est.), declining -5.7% q/q and -12.0% y/y, coming below our predictions, mainly driven by slightly better cost performance in steel and mining. In the Steel division, COGS/t totaled R$4,747/t (-1.2% vs. Genial Est.), down -4.7% q/q and -8.3% y/y, reflecting the continued carryover of lower raw material costs (iron ore and coal) and a more stable operating run rate after prior adjustments. Despite still pressured prices, cost discipline and input deflation allowed a modest positive deviation vs. our estimates, partially mitigating margin compression in the quarter. In Mining (MUSA), COGS/t reached R$307/t (-1.9% vs. Genial Est.), declining -2.2% q/q but rising +10.8% y/y, also coming below our expectations, suggesting better fixed-cost dilution and operational stability, more than offsetting mild freight and service cost pressures.

EBITDA: Beat driven by both costs structure. Consolidated Adjusted EBITDA totaled R$417mn (+16% vs. Genial Est.), declining -3.9% q/q and -19.5% y/y, but coming meaningfully above our projections, mainly supported by better-than-expected in cost performance in both divisions. In Steel, EBITDA reached R$227mn (+16.5% vs. Genial Est.), down -26.4% q/q and -38.1% y/y, but clearly above our estimates, as lower COGS/t and slightly better volume dynamics more than offset the still-pressured price environment. In Mining (MUSA), EBITDA totaled R$185mn (+11.3% vs. Genial Est.), surging +41.8% q/q and +19.8% y/y, reflecting stronger realized prices and solid cost control as well, reinforcing its role as an earnings buffer in the quarter.

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

(R$ millions)	4Q25 Reported	4Q25E Genial Est.	% R/E	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Adjusted EBITDA	**417**	**360**	**16,0%**	**434**	**-3,9%**	**518**	**-19,5%**
Steel	227	194	16,5%	308	-26,4%	366	-38,1%
Mining	185	166	11,3%	130	41,8%	154	19,8%
Eliminations	6	(0)	-	(4)	-	(2)	-

Source: Usiminas, Genial Investimentos

Net Income: Positive surprise. Net Income totaled R$129mn (+91.7% vs. Genial Est.), reversing the -R$3.5bn loss reported in 3Q25 and -R$117mn in 4Q24. Our view is that it was mainly explained by a much better operational performance, with EBIT reaching R$134mn (+105.9% vs. Est.), reversing the loss in 3Q25. Additionally, the loss at the net financial result came in at -R$9mn (-63.4% vs. Est.), decreasing -87.8% q/q and -97% y/y, better than our loss estimate, reflecting lower financial expenses and FX effects than previously modeled. The combination of stronger EBIT and a lower loss financial result led to a bottom line above expectations, reinforcing that the quarter's upside was primarily operational rather than accounting driven.

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

(R$ millions)	4Q25 Reported	4Q25E Genial Est.	% R/E	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	**6.175**	**6.201**	**-0,4%**	**6.604**	**-6,5%**	**6.480**	**-4,7%**
COGS	(5.704)	(5.822)	-2,0%	(6.158)	-7,4%	(5.961)	-4,3%
Adjusted EBITDA	**417**	**360**	**16,0%**	**434**	**-3,9%**	**518**	**-19,5%**
EBITDA Margin (%)	6,8%	5,8%	1p.p	6,6%	0,2p.p	8,0%	-1,2p.p
EBIT	**134**	**65**	**105,9%**	**(2.070)**	**-**	**245**	**-45,3%**
EBIT Margin (%)	2,2%	1,0%	1,1p.p	-31,3%	-	3,8%	-1,6p.p
D&A	(325)	(298)	8,9%	(323)	0,7%	(314)	3,3%
Financial Result	(9)	(24)	-63,4%	(72)	-87,8%	(299)	-97,0%
Net Income	**129**	**67**	**91,7%**	**(3.503)**	**-**	**(117)**	**-**
Net Margin (%)	2,1%	1,1%	1p.p	-53,0%	-	-1,8%	-

Source: Usiminas, Genial Investimentos

Our Take on Usiminas

FCF: Strong achievement; lower CAPEX. The company generated positive **FCF** of **R$744mn** (+26% vs. Genial Est.), rising +22% q/q and reversing the burn seen in 4Q24, up against our previous view, mainly driven by **(i)** stronger operating cash flow reaching **+R$1.1bn** (+3% vs. Est.), increasing **+9% q/q** and **+4x y/y**, as a result of the **greater EBITDA** that more than compensate the slightly under expected performance as we were predicting a more intense release of working capital (**WC**) than **+R$680mn** (-9% vs. Est.), that happened to drop **-2% q/q** reversing the -**R$322mn** in 4Q24, pointing out the company's capacity to still convert it into elevated levels despite a slight normalization q/q.

In addition, on the investment side, **(ii) CAPEX** totaling **R$372mn** (-14% vs. Genial Est.), increasing **+40% q/q**, but compressing **-2% y/y,** coming below our predictions that was guided at the **mid-point** of the company's **guidance** at **R$1.3bn** (-5% vs. Est.), even with the execution of projects already embedded in, helped us understand why FCF came in above what we were expecting, As a result, the company ended the quarter with **robust FCF creation**, even though structural improvement should remain contingent on a recovery in steel spreads.

What should we expect for 1Q26E? During the conference earnings call, management pointed out that we should expect stable volumes for 1Q26E, with domestic growth driven by seasonality, but with lower exports. That point should build **some recovery** in the **steel price realization**, supported by a **better sales mix** into the domestic market and higher 62% Fe benchmark prices, that had better offset stable shipments and higher COGS/t, leading management to guide us for **higher EBITDA** and **margins q/q**. On the other hand, in **mining**, we are tempted to assume **sales volumes to decline sequentially** due to the rainy season and the prioritization of higher-margin mining areas. Finally, we **do not expect FCF** to remain at **4Q levels**, given a lower working capital release prediction furthermore.

CAPEX: Guidance set at R$1.6bn 26E, upwards. After executing **R$1.2bn in 2025** (in line with the revised R$1.2–1.4bn guidance), the company is guiding a **step-up to R$1.6bn 26E** (+22% y/y) marking a transition **from capital discipline to strategic reinvestment**. The new cycle focuses on cost competitiveness and environmental performance, with key projects including the near-completion of the **PCI** (powder coal injection) initiative in **1H26** and continued investments in coke batteries, notably, the broader **R$1.7bn** Coke Battery #4 project, aimed at increasing self-sufficiency. Environmental licensing for Compacto (MG) will also advance throughout 2026.

To justify this **incremental in CAPEX on y/y basis**, **management'**s passage of a clear message of rebuilding margins and restoring profitability are prerequisites to sustaining this renewed investment phase. Even so, we believe that the **market reaction** to the news **may be negative**, given that higher-than-expected CAPEX means lower cash generation, with **FCF Yield** going down to **10% 26E** (-3p.p. vs. previously).

What about trade defenses measures? On the **regulatory** front, recent trade defense measures against subsidized imports — including **anti-dumping duties** and a **+9% increase in import tariffs** on 9 steel NCMs — were viewed positively by management, especially after preliminary investigations reinforced the urgency of implementing effective commercial defense procedures. Within this context, the Executive Management Committee (GECEX) of the Ministry of Trade (MDIC) announced on Thursday (12/Jan) that it **had approved** the application of **anti-dumping measures** on **cold-rolled coil and coated flat-rolled** products originating in China.

Confirmed measures for **hot-rolled coil** (HRC) and galvanized products from China, with a definitive ruling on HRC expected by **Jul/26**, represent an important step, particularly in a context where **60–65%** of the **4Mt of flat steel imports in 2025** came from **China** and shipments of **cold-rolled coil** and coated products exceeded **1.5Mt over the past 12M**.

Management believes these initiatives help level the playing field and could support a gradual recovery in domestic market share, although it continues to monitor risks of import triangulation via countries such as Vietnam and Korea amid persistent global steel surplus.

That said, while the market has interpreted these developments as helpful — particularly for flat steel, where the company has greater exposure —, we decided to **maintain a cautious stance**. Although the technical case for anti-dumping is robust, we see **limited probability** that authorities implement measures with **sufficient intensity to materially alter competitive dynamics**, especially given electoral sensitivities and inflation concerns related to durable goods. In our view, expectations of a constructive outcome are already largely embedded in the share price, leaving marginal upside constrained and risks skewed toward a softer-than-needed implementation, insufficient to fully offset structural Chinese competitiveness.

Protection up, yield down. Looking ahead, **visibility still becomes** more **nuanced.** While management guided for sequential EBITDA improvement in 1Q26E, supported by better domestic mix and firmer 62% Fe benchmark prices, the announced **step-up in CAPEX** to **R$1.6bn 26E** (+22% y/y) marks a transition from strict capital discipline to strategic reinvestment. Although the projects are aimed at restoring competitiveness and improving cost structure, the **higher investment envelope reduces FCF visibility for 2026**, with **FCF Yield 26E** compressing to **10%** (-3p.p. vs. previously), mechanically **limiting further rerating potential in the near term.**

On **trade-defense measures**, recent approvals on **cold-rolled** (CRC) and coated products represent incremental progress and support a cautiously constructive stance. We are now awaiting the **definitive ruling on HRC** — expected by Jul/26 — before reassessing our steel price assumptions, given that **CRC** only represents **~25%** of the total steel sales portfolio. The gradual implementation of anti-dumping measures suggests the **topic is evolving in a beneficial direction,** making us cautiously more optimistic than before. Nonetheless, given electoral sensitivity and inflation concerns, we remain prudent in assuming measures of sufficient intensity to materially reshape competitive dynamics.

In this context, while operational execution improved and regulatory developments move in the right direction, the increase in CAPEX should partially offsets the positive signals by reducing forward FCF creation clarity. Therefore, we maintain our **NEUTRAL rating** with **12M Target Price** of **R$7.00**, implying an **upside** of **+11%**, as the risk–reward profile remains balanced at current levels.

Appendix: Usiminas

Figure 1. Usiminas – Income Statement in R$ Millions (Genial Est. 26-28)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	**26.106**	**26.139**	**26.294**	**26.688**
(-) COGS	(24.439)	(24.154)	(23.899)	(24.270)
Gross Profit	**1.667**	**1.985**	**2.394**	**2.418**
(-) Expenses	(1.296)	(1.244)	(1.250)	(1.260)
Adjusted EBITDA	**1.613**	**1.983**	**2.394**	**2.417**
(-) D&A	(1.263)	(1.257)	(1.261)	(1.274)
EBIT	**371**	**741**	**1.144**	**1.158**
(+/-) Financial Result	(149)	(145)	(145)	(147)
(-) Taxes	(49)	(112)	(152)	(154)
Net income	**172**	**483**	**847**	**863**
Profitability				
Net margin (%)	0,7%	1,8%	3,2%	3,2%

Figure 2. Usiminas– Cash Flow in R$ Millions (Genial Est. 26-28)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	**26.106**	**26.139**	**26.294**	**26.688**
(-) COGS	(24.439)	(24.154)	(23.899)	(24.270)
Adjusted EBITDA	**1.613**	**1.983**	**2.394**	**2.417**
EBIT	**371**	**741**	**1.144**	**1.158**
(-) Taxes	(49)	(112)	(152)	(154)
(+) D&A	1.263	1.257	1.261	1.274
(+/-) Δ WK	771	261	263	267
(-) Capex	(1.600)	(1.300)	(1.300)	(1.300)
FCFF	**755**	**847**	**1.216**	**1.246**

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Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
Neutral	Expected return between +10% and -10% relative to the Company's industry average	**41%**
Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

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