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USIMINAS

1Q26 Review: Price-over-volume works

LatAm Metals & Mining

Main takeaways:

(i) Steel (DM+FM): **Shipments** of **1,007Kt Est.** (-2.8% vs. Est.; -6.8% q/q; -7.9% y/y), with the miss driven entirely by FM at 69Kt (-37.8% vs. Est.; -43.4% q/q), reflecting a decisive pullback from non-core export markets, while DM at 938Kt (+1.4% vs. Est.; -2.2% q/q) held slightly better than modeled, supported by automotive recovery to 33% of domestic flat steel sales (+5.9p.p. q/q); **realized price** at **R$5,205/t** (+1.0% vs. Est.; +4.9% q/q), confirming the margin-over-volume strategy, with FM price at R$5,087/t (+5.0% vs. Est.; +8.8% q/q) driven by concentration in higher-value destinations including the Argentine automotive segment; **(ii) Mining** (MUSA): **Shipments** of **1,946Kt** (-10.2% vs. Est.; -21.0% q/q; -12.2% y/y), reflecting a more intense rainy season; **realized price** at **R$401/t** (+5.5% vs. Est.; flat q/q), beating on better quality mix and lower-than-expected discounts despite USD/BRL appreciation (-3% q/q); **(iii) Steel COGS/t** at **R$4,662/t** (-4.2% vs. Est.; -1.8% q/q; -8.2% y/y), benefiting from FX rate appreciation compressing slab and met coal costs; **(iv) Adj. EBITDA** of **R$653mn** (+77.8% vs. Est.; +56.5% q/q; -10.9% y/y), with Steel at R$544mn (+90.8% vs. Est.; +1.4x q/q) at a 10% margin (+5p.p. vs. Est.) and Mining at R$111mn (+37.2% vs. Est.; -39.8% q/q), with the price and COGS/t beats partially cushioning the volume drag; **(v) Net Income** of **R$896mn** (+165.9% y/y), driven by EBIT at R$374mn (+2.3x vs. Est.) and a net financial result swinging to +R$110mn (vs. -R$29mn Est); net margin at **15.3%** (+14.2p.p. vs. Est.), a level we would not extrapolate forward given the FX contribution; **(vi)** In this context, the **Apr price hikes** passing through distribution — consistent with the **+5–6%** adjustments observed in **market benchmarks** — has provide enough confidence for us to **upgrade** our **flat steel price curve assumption**, mechanically lifting our valuation and justifying a **12M Target Price** at **R$8.00** (vs. R$7.00 previously).

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Company

USIM5 BZ Equity
Neutral

Price: R$ 7.61 (24-Apr-2026)
Target Price 12M: R$ 8.00

Table 1. Shipments Summary (1Q26 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Shipments)	**1Q26**	**1Q26E**	**% R/E**	**4Q25**	**% q/q**	**1Q25**	**% y/y**
Steel	1,007	1,036	**-2.8%**	1,081	**-6.8%**	1,093	**-7.9%**
Iron Ore	1,946	2,167	**-10.2%**	2,463	**-21.0%**	2,218	**-12.2%**

Source: Usiminas, Genial Investimentos

Table 2. Income Statement Summary (1Q26 vs. Genial Est.)

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**1Q26**	**1Q26E**	**% R/E**	**4Q25**	**% q/q**	**1Q25**	**% y/y**
Net Revenue	5,871	6,029	**-2.6%**	6,175	**-4.9%**	6,858	**-14.4%**
Adjusted EBITDA	653	367	**77.8%**	417	**56.5%**	733	**-10.9%**
Net Income	896	64	**1294.9%**	129	**596.4%**	337	**165.9%**

Source: Usiminas, Genial Investimentos

Usiminas released its **1Q26** results on **Apr. 24**. Adjusted **EBITDA** reached **R$653mn** (+77.8% vs. Est.; +56.5% q/q; -10.9% y/y), materially above expectations, driven by a much stronger-than-modeled steel division recovery on both the revenue and cost fronts. The operational highlight was the **steel division** both on **repricing**, with realized prices reaching **R$5,205/t** (+4.9% q/q), underpinned by automotive mix normalization and the deliberate exit from lower-margin volumes, which more than offset the shipment decline (-2.8% vs. Est.; -6.8% q/q; -7.9% y/y), and **costs**, with **Steel COGS/t** reaching **R$4,662/t** (-4.2% vs. Est.; -1.8% q/q; -8.2% y/y), coming below our predictions, benefiting from USD/BRL FX rate appreciation (-3% q/q), which compressed the BRL currency cost of USD-denominated inputs and more than offset the upward pressure from mix rotation toward higher value-added products.

The company reported **Net Revenue** of **R$5.9bn** (-2.6% vs. Est.; -4.9% q/q; -14.4% y/y), with **steel shipments** (DM+FM) totaling **1,007Kt** (-2.8% vs. Est.; -6.8% q/q; -7.9% y/y) and mining (MUSA) reaching **1,946Kt** (-10.2% vs. Est.; -21.0% q/q; -12.2% y/y), both below our projections. In terms of realization, **steel prices** (DM+FM) came in at **R$5,205/t** (+1.0% vs. Est.; +4.9% q/q; -6.6% y/y), reflecting the margin-over-volume pivot in practice, while **mining realized prices** stood at **R$401/t** (+5.5% vs. Est.; flat q/q; -3.0% y/y), supported by a better-than-modeled quality mix and lower discount levels despite softer shipments. On costs, **mining COGS/t** reached **R$317/t** (-4.4% vs. Est.; +3.3% q/q; +3.4% y/y), below our estimates despite rising sequentially on lower fixed-cost dilution.

As a result, **Adj. EBITDA** totaled **R$653mn** (+77.8% vs. Genial Est.; +56.5% q/q; -10.9% y/y), with steel at R$544mn (+90.8% vs. Est.; +1.4x q/q; +3.0% y/y) and mining clocking at R$111mn (+37.2% vs. Est.; -39.8% q/q; -46.2% y/y) limiting the sequential drag relative to our model. Finally, **Net Income** reached **R$896mn** (+13x vs. Est.; +6x q/q), supported by stronger EBIT of R$374mn (+2.3x vs. Est.; +1.8x q/q; -14.7% y/y) and a net financial result of +R$110mn (vs. -R$29mn Est.), the latter driven by net FX gains of +R$101mn as the USD/BRL FX EoP rate softened -6% q/q, compressing the BRL currency value of USD-denominated liabilities.

1Q26 Review: In detail!

Steel (DM): Mix recovery drives price; volumes still soft. Domestic market shipments (DM) totaled 938Kt (+1.4% vs. Genial Est.; -2.2% q/q; -6.3% y/y), coming slightly above our projections and declining slightly less than we expected sequentially, consistent with steady underlying end-market demand despite the deliberately more selective commercial approach post-antidumping. We believe the improvement in the automotive segment was the key driver of the q/q volume resilience, with its share of domestic flat steel sales rising to 33% (+5.9p.p. q/q), recovering from the 4Q25 drag caused by extended collective vacations and production disruptions at Toyota's Porto Feliz (SP) plant. The distribution channel contracted sequentially, as the company continued shedding lower-margin volumes, which weighed on total shipments but supported the mix rotation thesis.

The realized price reached R$5,213/t (+0.4% vs. Genial Est.; +4.3% q/q; -5.9% y/y), in line with our estimates and recovering meaningfully q/q, confirming the margin-over-volume strategy in practice.

The sequential improvement reflects both the automotive segment normalization (which tilts the mix toward higher value-added products) and the exit from more commoditized, distribution-heavy volumes that had pressured average ticket in prior quarters. The y/y decline still reflects the residual impact of a softer pricing environment relative to 1Q25, but the directional improvement q/q is the relevant signal for the quarter.

Steel (FM): Sharp export retreat; price surprise to the upside. Steel shipments to the foreign market (FM) totaled 69Kt (-37.8% vs. Genial Est.; -43.4% q/q; -24.7% y/y), coming meaningfully below our estimates and declining sharply both sequentially and annually, reflecting the deliberate rotation away from lower-value export destinations as the company prioritized margin preservation in the post-antidumping environment. The reduction was more pronounced than we modeled, suggesting the exit from non-core export markets was faster and more decisive than anticipated. Exports represented only ~7% of total steel shipments (-3p.p. q/q), reinforcing that FM remains a residual channel for volume management rather than a structural earnings contributor.

On pricing, the realized price reached R$5,087/t (+5% vs. Genial Est.; +8.8% q/q; -13.5% y/y), coming above our expectations and recovering sharply q/q, driven by a significantly improved export mix concentrated in higher-value destinations (primarily the Argentine automotive segment) following the exit from lower-ticket markets. The combination of sharply lower volumes and a much stronger average ticket confirms that profitability in FM improved materially even as total tonnage collapsed, consistent with the niche-only retention strategy we had anticipated, albeit executed more aggressively than modeled.

Steel (DM+FM): Repricing confirmed; volume below on FM miss. Consolidated steel shipments totaled 1,007Kt (-2.8% vs. Genial Est.; -6.8% q/q; -7.9% y/y), coming slightly below our forecasts, with the miss driven entirely by the sharper-than-expected FM contraction at 69Kt (-37.8% vs. Est.), while DM reaching 938Kt (+1.4% vs. Est.) held slightly better than modeled. The sequential decline reflects both the deliberate shedding of low-margin domestic volumes and the decisive pullback from non-core export markets, consistent with the margin-over-volume pivot we had anticipated for the quarter. On an annual basis, the decline is more pronounced, primarily reflecting the export volumes normalization from an elevated 4Q25 base.

The consolidated realized price reached R$5,205/t (+1.0% vs. Genial Est.; +4.9% q/q; -6.6% y/y), in line with our estimates and recovering solidly q/q, confirming that the mix rotation, attached to automotive recovery in DM and niche-only retention in FM, translated into better average realization even as total shipments contracted. The sequential compression in volumes was more than offset by the price improvement, reinforcing that 1Q26 was defined by repricing and mix quality rather than volume momentum. The y/y decline remains a function of the softer pricing environment relative to 1Q25, but the directional q/q recovery is the operative signal.

MUSA: Volume miss deepens on rainfall. Iron ore shipments totaled 1,946Kt (-10.2% vs. Genial Est.; -21.0% q/q; -12.2% y/y), coming below our projections and declining more sharply than expected sequentially, reflecting a more intense and prolonged rainy season in Minas Gerais (MG) than we had anticipated, which altered the characteristics of processed material, reduced operational efficiency, and prompted management to implement adjustments prioritizing higher-productivity areas. The y/y decline reinforces the normalization narrative after a record 2025 full-year output, which we do not expect to be repeated in 26E. Exports accounted for ~70% of billed volume (vs. ~68% in 4Q25), maintaining the division's predominantly external exposure profile.

The realized price reached R$401/t (+5.5% vs. Genial Est.; flat q/q; -3.0% y/y), coming meaningfully above our expectations despite being flat sequentially, supported by a modestly higher 62% Fe IODEX benchmark averaging US$106.9/t (+0.9% q/q), partially offset by BRL appreciation vs. USD, with the average FX rate moving to R$5.26 (-3% q/q). The price beat vs. our estimate reflects a better-than-modeled quality mix and lower-than-expected discount levels (on quality basis), partially compensating for the volume shortfall.

Net revenue: Steel repricing offsets volume drag. Consolidated Net Revenue totaled R$5.9bn (-2.6% vs. Genial Est.; -4.9% q/q; -14.4% y/y), coming slightly below our projections, due to a better top line in the mining division line. In Steel, Net Revenue reached R$5.2bn (-2.3% vs. Genial Est.; -2.3% q/q; -13.9% y/y), slightly below our estimate, as the solid recovery in consolidated realized prices only partially offset the sharper-than-expected volume decline.

In Mining (MUSA), Net Revenue totaled R$781mn (-5.3% vs. Genial Est.; -21.0% q/q; -14.9% y/y), coming below our estimates, with both the volume decline and the appreciation of the USD/BRL FX rate (-3% q/q) weighing on realization in BRL currency terms (in lower terms but still consistent with our preview thesis) though more pronounced than modeled on the volume side.

Table 3. Net Revenue Usiminas (1Q26 vs. Genial Est.)

(R$ millions)	1Q26 Reported	1Q26E Genial Est.	% R/E	4Q25 Reported	% q/q	1Q25 Reported	% y/y
Net Revenue	**5,871**	**6,029**	**-2.6%**	**6,175**	**-4.9%**	**6,858**	**-14.4%**
Steel	5,241	5,343	-1.9%	5,364	-2.3%	6,089	-13.9%
Mining	781	825	-5.3%	988	-21.0%	917	-14.9%
Eliminations	(151)	(138)	9.1%	(177)	-14.5%	(149)	1.4%

Source: Usiminas, Genial Investimentos

Steel COGS/t down on FX tailwind. Steel COGS/t reached R$4,662/t (-4.2% vs. Genial Est.; -1.8% q/q; -8.2% y/y), coming below our predictions and declining modestly q/q, contrary to our expectation of a sequential uptick driven by mix mechanics. Benefiting from **(i)** higher efficiency, **(ii)** lower cash outlays for major repairs, and — critically — the **(iii)** softening of the USD/BRL FX rate (-3% q/q), which compressed the BRL currency cost of USD-denominated inputs including slab and metallurgical coal, more than neutralizing the upward pressure from the rotation toward a more value-added product mix.

In Mining (MUSA), COGS/t reached R$317/t (-4.4% vs. Genial Est.; +3.3% q/q; +3.4% y/y), also coming below our estimates despite rising q/q, as lower fixed-cost dilution on reduced volumes and higher fuel costs associated with longer hauling distances drove the sequential increase, partially offset by better-than-modeled operational efficiency.

EBITDA: Steel delivers; mining draws as flagged. Consolidated Adjusted EBITDA totaled R$653mn (+77.8% vs. Genial Est.; +56.5% q/q; -10.9% y/y), coming materially above our projections and recovering sharply q/q, with the divisional composition shifting decisively relative to our preview. In Steel, EBITDA reached R$544mn (+90.8% vs. Genial Est.; +1.4x q/q; +3.0% y/y), coming well above our estimates as the combination of a strong price recovery (+1% vs. Est.) and a meaningful COGS/t beat (-4.2% vs. Est.) drove a much larger-than-modeled margin expansion, with steel EBITDA margin reaching 10% (+5p.p. vs. Est.; +7p.p q/q).

In Mining (MUSA), EBITDA totaled R$111mn (+37.2% vs. Genial Est.; -39.8% q/q; -46.2% y/y), coming above our bearish estimate, as COGS/t outperformance (-4.4% vs. Est.) partially cushioned the impact of the deeper-than-expected volume decline (-10.2% vs. Est.), limiting the sequential earnings erosion relative to what our model had implied.

Table 4. EBITDA Usiminas (1Q26 vs. Genial Est.)

(R$ millions)	1Q26 Reported	1Q26E Genial Est.	% R/E	4Q25 Reported	% q/q	1Q25 Reported	% y/y
Adjusted EBITDA	**653**	**367**	**77.8%**	**417**	**56.5%**	**733**	**-10.9%**
Steel	544	285	90.8%	227	140.1%	528	3.0%
Mining	111	81	37.2%	185	-39.8%	206	-46.2%
Eliminations	(1)	1	-	6	-	(2)	-45.0%

Source: Usiminas, Genial Investimentos

Net Income: Up on operational and financial tailwinds. Net Income totaled R$896mn (vs. R$64mn Est.; +596.4% q/q; +165.9% y/y), coming dramatically above our projections, driven by two concurrent positive surprises. On the operational side, **(i)** EBIT reached R$374mn (+2.3x vs. Genial Est.; +1.8x q/q; -14.7% y/y), well above our estimate, reflecting the much stronger-than-modeled steel EBITDA delivery on the back of price recovery and **(ii)** COGS/t outperformance.

On the financial side, the net financial result swung to +R$110mn (vs. -R$29mn Est; reversing the -R$9mn loss in 4Q25), driven by net FX gains of +R$101mn as USD/BRL FX EoP rate softened quite a bit (-6% q/q), compressing the BRL currency value of USD-denominated liabilities. Net margin reached 15.3% (+14.2p.p. vs. Genial Est.; +13.2p.p. q/q), a level that overstates underlying earnings power given the FX contribution.

Table 5. Income Statement Usiminas (1Q26 vs. Genial Est.)

(R$ millions)	1Q26 Reported	1Q26E Genial Est.	% R/E	4Q25 Reported	% q/q	1Q25 Reported	% y/y
Net Revenue	**5,871**	**6,029**	**-2.6%**	**6,175**	**-4.9%**	**6,858**	**-14.4%**
COGS	(5,162)	(5,621)	-8.2%	(5,704)	-9.5%	(6,085)	-15.2%
Adjusted EBITDA	**653**	**367**	**77.8%**	**417**	**56.5%**	**733**	**-10.9%**
EBITDA Margin (%)	11.1%	6.1%	5p.p	6.8%	4.4p.p	10.7%	0.4p.p
EBIT	**374**	**115**	**226.0%**	**134**	**179.1%**	**438**	**-14.7%**
EBIT Margin (%)	6.4%	1.9%	4.5p.p	2.2%	4.2p.p	6.4%	0p.p
D&A	(281)	(301)	-6.7%	(325)	-13.5%	(311)	-9.7%
Financial Result	110	(29)	-	(9)	-	20	442.6%
Net Income	**896**	**64**	**1294.9%**	**129**	**596.4%**	**337**	**165.9%**
Net Margin (%)	15.3%	1.1%	14.2p.p	2.1%	13.2p.p	4.9%	10.3p.p

Source: Usiminas, Genial Investimentos

Our Take on Usiminas

FCF: Slightly beat; WC reverses and CAPEX toward 26E. The company generated positive **FCF** of **R$84mn** (vs. -R$49mn Est; -89% q/q; vs. -R$649mn in 1Q25), coming above our estimate which pointed to a slightly negative result, mainly driven by **(i)** net operating cash flow reaching **+R$370mn** (+51% vs. Est.; -67% q/q), reflecting the much stronger-than-modeled EBITDA delivery in the steel division, which more than compensated the working capital (**WC**) reversal of **-R$663mn** (+4.6x vs. Est.; vs. +R$680mn in 4Q25; -31% y/y), as the favorable WC dynamics that supported 4Q25 unwound sequentially. This is consistent with our expectation that the prior quarter's conversion level would not repeat, pointing to a more normalized cash generation profile going forward.

On the investment side, **(ii) CAPEX** totaled **R$285mn** (-3% vs. Est.; -23% q/q; +31% y/y), coming broadly in line with our predictions and declining sequentially after the heavier 4Q25 spend, though the y/y increase confirms the ongoing step-up cycle toward the **R$1.6bn 26E** (+26% y/y). As a result, the company ended the quarter with a positive FCF print and net cash of R$391mn (-12.1% q/q), reaffirming balance sheet strength, even as structural FCF generation remains contingent on the sustainability of the steel pricing recovery and WC normalization in coming quarters.

What should we expect for 2Q26E? Management pointed out that we should expect stable steel volumes q/q, with higher COGS/t due to pressure from raw materials, energy, and freight prices, partially offset by improvements in price. That cost pressure should limit margin expansion even as pricing holds, leading us to expect **slightly lower EBITDA q/q** in the **steel division**. On the other hand, in **mining**, **higher volumes q/q** are expected, a natural sequential recovery following the rainfall-compressed 1Q26 — accompanied by **increased costs** related to maritime freight, which should partially offset the volume-driven earnings uplift.

Considering both units, management guided **Adjusted EBITDA to remain flat q/q**, an outlook we read as cautiously constructed given the raw material cost headwinds flagged for steel and the freight pressure in mining.

Finally, we do not expect FCF to repeat the 1Q26 level, given that the working capital dynamics that supported this quarter are unlikely to repeat at the same magnitude, and CAPEX should continue stepping up in line with the R$1.6bn 26E guidance.

Implementation of +5% price increase. The company implemented a **+5% price increase** for distribution segment (32% of total volumes in 1Q26) and spot clients **effective as of Apr**, with industrial agreements renewing and expected to follow a broadly similar trajectory, consistent with the +5–6% adjustment observed in spot prices during 1Q, available through market benchmarks such as S&P Platts.

Automotive (33% in 1Q26) contracts were renewed with modest **reductions** of **2–3%**, in line with Jan negotiations, reflecting the longer-cycle nature of those agreements. Notably, not all industrial contracts reset on Apr, with a **portion updating only from Jul**. Management refrained from committing to specific price actions for May-Jul, citing high volatility in international input costs and freight, but indicated the situation is being monitored closely.

Steady apparent consumption, stuffed inventories. Management guided **stable steel sales q/q in 2Q26E**, with the domestic demand environment remaining constrained by elevated inventory levels across the distribution chain. Imports surged to **30% q/q in 1Q26**, front-loaded ahead of anticipated anti-dumping measures, pushing apparent consumption higher while **compressing real demand for domestic producers**. These **excess inventories should normalize** through **2H26E**, at which point conditions probably will become more favorable for the company to recapture domestic market share. With that in mind, near-term commercial stance **will remain** firmly oriented towards **value-over-volume**, with selective and disciplined pricing across spot and industrial segments in the context of heightened market volatility.

On the **demand** side, the **automotive sector** is projected to grow moderately, with +3.7% y/y 26E, data by AFAVEA (vs. **+1.5% Genial Est**., as we are more conservative given that household debt is at an all-time high at 80.4% in Mar, with 30-50% of total income committed. Broader consumption-linked sectors are holding steady, while agribusiness machinery (-6.2% y/y 26E), and road implements continue to face meaningful headwinds, with volumes declining. Even so, the full-year outlook does not seem very positive to us. **Steel domestic sales** could downtrend **-1.7% y/y Est**. to **20.8Mt** (semi-finished products + laminates), with **apparent consumption** growing just **+1% Est.** to **27Mt**, as we expect imports to remain at elevated levels during 1H26E.

The flood before the dam. The impact of anti-dumping measures on cold-rolled (CRC) and coated products, while structurally important, has yet to materialize in volume terms, considering the **pre-emptive inventory built** by importers ahead of the measures has effectively delayed their transmission into the market. Galvanized product import levels remain elevated, and management expects a **similar dynamic** to play out **following the implementation of HRC anti-dumping** measures, which are viewed as a critical next step for the sector.

A growing concern is the **diversion of steel flows from third countries** (Korea, Vietnam, and Southeast Asia) at pricing mirroring Chinese offers, with Egypt serving as an emblematic re-routing case given Brazil's bilateral zero-tariff agreement.

On the conference call, management was constructive on enforcement, noting the government's institutional stake in the measures' success and we consider that Korean mills (11.4% of Brazil's steel imports in 2025, +7.8p.p. y/y) are unlikely to sustain Chinese-subsidized pricing indefinitely. Even so, we remain cautious nonetheless. Enforcement intensity, in our view, is **unlikely to materially shift competitive dynamics** — particularly for HRC, with MDIC's ruling still due in Dec — and risks remain skewed toward softer-than-needed implementation.

Management offered an important contextual note on how import parity should be interpreted in the current environment. Unlike in prior cycles, the relevant **reference price is no longer a fair-market international benchmark,** it became distorted by global oversupply and unfair competition. When benchmarked against **European or US domestic prices** (markets with active commercial defense mechanisms), Brazilian flat steel prices remain at a **discount of** -**15%**, underscoring that the domestic market is still absorbing the effects of structurally depressed international reference levels **rather than trading at genuine parity.**

Ipatinga up, Cubatão down. We note that third-party slab purchases were elevated in 1Q, and management acknowledged that rising international slab prices, a trend that accelerated following the onset of the Iran conflict, are prompting a reassessment of production economics between Usiminas' two flat steel sites. In the near term, the company intends to **increase output at Ipatinga-MG** (integrated blast furnace route) while **reducing activity at Cubatão-SP** (re-rolling operation dependent on purchased slabs), with the allocation driven purely by relative profitability. Management noted it will continue to monitor market alternatives with a view to restoring Cubatão to target utilization levels when the economics support it.

PCI, coke, and gas: the quiet rebuild gaining steam. Management provided a comprehensive update on company's' capital current projects, all of which is progressing in line with plan. The **PCI** project at Blast Furnace 3 is in its final stages, with partial **commissioning already underway** and efficiency benefits beginning to accrue from 2Q26E. The **full ramp-up** is expected by **4Q26E**, at which point **external coke purchases will decline** as injected coal replaces them as an internal fuel source.

The **coke plant** rehabilitation is progressing on two fronts: a hot repair of the first battery is 50% complete, delivering environmental and thermal efficiency gains; a **full reconstruction of the second battery** is in advanced engineering and procurement, with construction commencing next month and **completion in 2–3Y**. Finally, the gas holders project will materially expand the recovery of internally generated gas, improving plant-wide energy efficiency. Taken together, management expects the cumulative benefits from this portfolio to accrue progressively through the remaining quarters, with full capitalization upon each project's respective completion.

Price-over-volume works. While the steel division executed the deliberate **price-over-volume pivot** we anticipated, shedding low-profitability distributor exposure in favor of a better mix, mining (MUSA) swung from earnings buffer in 4Q25 to the primary consolidated drag, under above-average seasonal rainfall and a softer iron ore benchmark.

On FCF, the quarter delivered a slight positive surprise, with the stronger-than-modeled steel EBITDA more than offsetting the WC reversal of -R$663mn, though the favorable dynamics that supported 4Q25 have already unwound.

On trade defense, the conversation continues to evolve constructively, but the transmission lag remains the central challenge. The **flood of front-loaded imports** (surging into 1Q26 ahead of anti-dumping implementation) has effectively **delayed the materialization** of CRC and coated product measures in volume terms, and we also expect a **similar dynamic** to play out following **HRC implementation**. Triangulation risk via Egypt, Korea, and Vietnam remains a structural vulnerability, and while Korean mills are unlikely to sustain Chinese-subsidized pricing indefinitely, enforcement intensity (particularly on HRC, with the MDIC ruling still due in Dec), continues to be **unlikely**, in our view, to be **sufficient to materially reshape** competitive dynamics.

In this context, the **Apr price hikes** passing through distribution and spot segments — consistent with the **+5–6%** adjustments observed in **market benchmarks** — has provide enough confidence for us to **upgrade** our **flat steel price curve assumption**, mechanically lifting our valuation and justifying a **12M Target Price** at **R$8.00** (vs. R$7.00 previously). That said, **(i)** import overhangs persisting through 1H26E; **(ii)** an HRC ruling that looks increasingly likely to run to its Dec deadline; and **(iii)** a CAPEX step-up limiting near-term FCF clarity keep the risk–reward balanced. We therefore decided to maintain our **NEUTRAL rating**, implying a **slight upside** of **+5.3%** at current levels.

Appendix: Usiminas

Figure 1. Usiminas – Income Statement in R$ Millions (Genial Est. 26-29)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	**26,044**	**27,136**	**27,633**	**27,768**
(-) COGS	(24,319)	(24,659)	(24,947)	(25,208)
Gross Profit	**1,724**	**2,477**	**2,686**	**2,560**
(-) Expenses	(1,315)	(1,374)	(1,389)	(1,380)
Adjusted EBITDA	**1,605**	**2,372**	**2,583**	**2,461**
(-) D&A	(1,303)	(1,351)	(1,366)	(1,358)
EBIT	**410**	**1,103**	**1,297**	**1,180**
(+/-) Financial Result	(15)	54	132	210
(-) Taxes	(89)	(219)	(218)	(155)
Net income	**306**	**938**	**1,211**	**1,236**
Profitability				
Net margin (%)	1.2%	3.5%	4.4%	4.4%

Figure 2. Usiminas– Cash Flow in R$ Millions (Genial Est. 26-29)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	**26,044**	**27,136**	**27,633**	**27,768**
(-) COGS	(24,319)	(24,659)	(24,947)	(25,208)
Adjusted EBITDA	**1,605**	**2,372**	**2,583**	**2,461**
EBIT	**410**	**1,103**	**1,297**	**1,180**
(-) Taxes	(89)	(219)	(218)	(155)
(+) D&A	1,303	1,351	1,366	1,358
(+/-) Δ WK	771	271	276	278
(-) Capex	(1,500)	(1,500)	(1,500)	(1,500)
FCFF	**895**	**1,006**	**1,221**	**1,161**

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