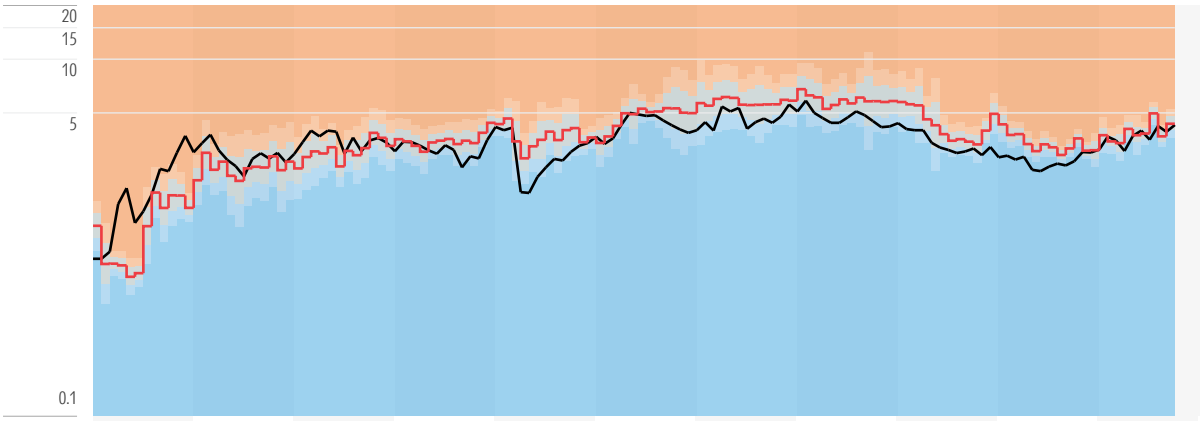
Gerdau SA XGGB ★★★ 11 Sep 2026 04:42, UTC

Economic Moat	Uncertainty	Price/Fair Value	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.98	3.02	—	Large Value	Basic Materials	Steel



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Performance											
Price/Fair Value	2.05	1.10	0.93	0.95	1.01	0.80	0.87	0.75	0.57	1.01	0.98
Total Return %	183.38	-1.70	6.26	38.86	-10.69	15.55	35.85	-8.20	-32.47	14.14	39.93
Index	37.05	27.92	16.40	34.03	4.95	-11.87	5.06	23.11	-8.51	31.93	17.48

As of 10 Sep 2026 | Index: Morningstar Brazil GR BRL. Fair Value data as of 8 Sep 2026 04:41, UTC.

Madison Sargis, Head of Analytics for Morningstar, Inc., oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Ms Sargis is guided by the Morningstar Research Services' Code of Ethics and the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit https://shareholders.morningstar.com/governance/compliance-disclosures/default.aspx

Business Description

Gerdau SA produces steel and steel products. The company operates in civil construction, agriculture, automotive, iron ore, exports, research and development, and home steel products sectors. It offers products such as Semi-finished products (Billets, Blooms and Slabs), Special bar quality, Common Long Rolled Products, Dawn products, Merchant bar, Beams, Rebar, Piling, Iron Ore and Others. The company's geographical segment includes Brazil Segment; North America Segment; and South America Segment. It derives the majority of its revenue from the Brazil Operations segment, which includes the long, flat and special steel operations and the iron ore operation located in Brazil and joint ventures and associated companies located in Brazil.

Valuation as of 9 Sep 2026

Gerdau SA receives a 3-star quantitative star rating, illustrating our stance that this share class is a balanced choice, but prudent investors should consider looking elsewhere. The stock currently trades at a minor 1% discount to our quantitative fair value estimate of 4.35 EUR per share; however, caution is warranted due to this estimate's high uncertainty rating.

The firm's valuation metrics strengthen our estimated fair value. A company's valuation metrics provide insights into the market's expectations for its future growth and profitability. Reflecting the firm's valuation is its book value yield of 105.7%, which falls in the top 30% compared with global peers. The market price is low relative to the book (accounting) value of the company's equity, which contributes to our view that shares are undervalued.

The company's profitability is an additional encouraging factor. Highly profitable companies are often more resilient in recessions and are likely to generate stronger future cash flows for shareholders. The firm's sales yield of 133.8%, a core component of profitability, falls in the top 30% compared with peers globally. This company has a robust ability to generate sales without much capital investment, freeing up more capital to be returned to shareholders in the long run. This characteristic further promotes our favorable price/fair value ratio.

In addition to the aforementioned drivers, our model considers momentum as part of its comprehensive analysis. This share class has outperformed the broader universe over the past year. While we believe the stock is undervalued, this outperformance had a negative impact on our valuation estimate.

Economic Moat as of 9 Sep 2026

The company's quantitative economic moat rating of none suggests any excess returns could erode quickly as competition arrives. Additionally, the firm's moderate financial health score suggests it is acceptably positioned against adverse economic circumstances.

Contact

Avenida Dra. Ruth Cardoso 8,501 - 8th Floor, Sao Paulo, SP 05425-070
T +55 1130946300
inform@gerdau.com
https://www2.gerdau.com

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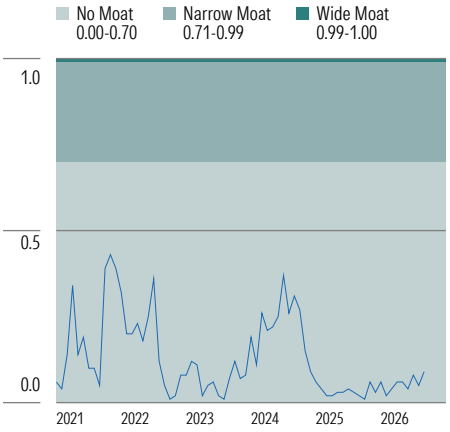
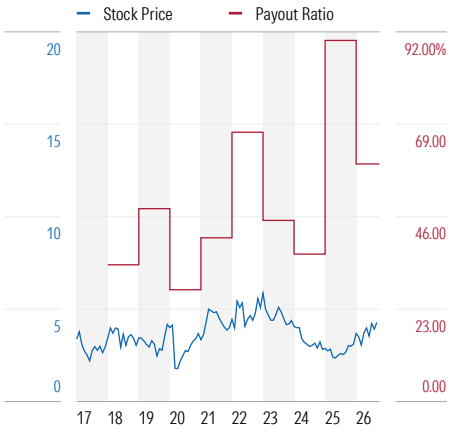
Gerdau SA XGGB ★★★Q 11 Sep 2026 04:42, UTC

Economic Moat Q	Uncertainty Q	Price/Fair Value Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.98	3.02	—	Large Value	Basic Materials	Steel

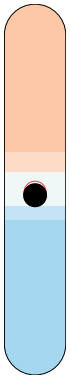
Economic Moat Q History as of 5 Sep 2026



Dividends as of 10 Sep 2026



Valuation Q as of 8 Sep 2026



Fair Value Q 4.35
Uncertainty Q : High
Last Close 4.28

Fairly Valued

Economic Moat Q None
1-Star Price Q > 5.22
5-Star Price Q < 3.62

Financials (Fiscal Year End 31 Dec 2026)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	06/2026	Fiscal
37.65	36.92	46.16	39.64	43.81	78.35	82.41	68.92	67.03	69.86	69.54	Revenue (Bil)
1.35	2.04	4.46	3.20	5.45	20.02	16.60	9.88	6.31	5.61	6.83	Operating Income (Bil)
3.59	5.53	9.67	8.07	12.45	25.55	20.14	14.33	9.42	8.03	9.82	Operating Margin (%)
-2.89	-0.36	2.30	1.20	2.37	15.49	11.43	7.50	4.57	1.39	3.30	Net Income (Bil)
-1.35	-0.17	1.06	0.56	1.10	7.17	5.16	3.55	2.18	0.69	1.15	Diluted Earnings/Share
3.52	2.08	2.00	1.64	6.41	12.52	11.15	11.14	11.38	7.99	9.12	Operating Cash Flow (Bil)
1.38	0.91	1.26	1.85	1.81	3.19	4.48	5.34	5.95	6.85	5.59	Capital Spending (Bil)
1.73	2.12	3.47	-1.46	3.99	16.14	11.21	5.69	4.06	0.52	3.37	Free Cash Flow (Bil)
2.15	2.15	2.14	2.14	2.14	2.15	2.13	2.10	—	2.00	1.98	Avg Shares Outstand(Bil)

Valuation as of 10 Sep 2026

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Current	Calendar
2.05	1.10	0.93	0.95	1.01	0.80	0.87	0.75	0.57	1.01	0.98	Price/Fair Value Q
0.66	0.63	0.61	0.96	0.98	0.98	0.73	0.72	0.51	0.57	0.75	Price/Sales
—	—	51.76	26.38	30.53	4.25	4.53	6.43	6.92	13.19	23.00	Price/Earnings
7.67	13.26	4.52	11.65	25.62	4.70	3.09	4.87	3.20	4.92	5.83	Price/Cash Flow
0.86	0.96	1.16	1.49	1.67	1.31	1.16	0.97	0.65	0.71	0.93	Price/Book

Operating Performance (Fiscal Year End 31 Dec 2026)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	06/2026	Fiscal (%)
-4.64	-0.68	4.54	2.29	4.04	22.63	15.48	10.09	5.65	1.65	2.66	Return on Assets
-10.38	-1.51	9.33	4.57	8.18	42.18	25.76	15.76	8.53	2.49	4.14	Return on Equity
-3.79	0.99	7.41	4.23	6.46	30.43	20.40	13.04	7.34	2.84	3.98	Rtn on Invested Capital

Dividends as of 10 Sep 2026

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Current	Calendar (%)
0.05	0.05	0.36	0.27	0.30	2.92	3.46	1.60	0.80	0.62	0.13	Dividend Per Share
0.44	0.60	2.63	1.43	1.34	11.23	12.46	6.80	4.81	3.13	3.02	Trailing Dividend Yield
0.48	0.00	0.67	0.30	0.00	0.00	—	0.39	1.10	4.99	1.43	Buyback Yield

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Appendix

Economic Moat History as of 5 Sep 2026 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2026	0.06	0.02	0.04	0.06	0.06	0.04	0.08	0.05	0.09	—	—	—
2025	0.06	0.04	0.02	0.02	0.03	0.03	0.04	0.03	0.02	0.01	0.06	0.03
2024	0.19	0.11	0.26	0.21	0.22	0.25	0.37	0.26	0.31	0.27	0.15	0.09
2023	0.08	0.12	0.11	0.02	0.05	0.06	0.02	0.01	0.07	0.12	0.07	0.08
2022	0.32	0.20	0.20	0.23	0.18	0.25	0.36	0.12	0.05	0.01	0.02	0.08
2021	0.06	0.04	0.14	0.34	0.14	0.19	0.10	0.10	0.05	0.39	0.43	0.39

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Quantitative Equity Ratings

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i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to http://global.morningstar.com/equitydisclosures for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.
*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*
*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ - the stock is somewhat overvalued.
*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.
*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.
*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.
*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*
*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

Under Review – Morningstar will assign a rating of "Under Review" in three scenarios: when there is occurrence of a corporate event, when the closing price is unavailable for at least 7 days, or when the quantitative Fair Value to Price Ratio does not fall into the expected range of 0.25-4.

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Momentum Flag – After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

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Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

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The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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