Built to Last: Steel as Colombia´s infrastructure backbone

The Role of Acerías Paz del Río in Colombia's Economic Growth Agenda

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Bogotá, Colombia
Grupo Trinity

Colombia is today a steel-deficit market

The gap between what the country needs and what it produces

2.6 Mt
Installed capacity, long steel

~1.5 Mt
Recent actual production

~78%
Of long-steel consumption met by domestic production

100%
Of flat steel is imported

The deficit today

- The domestic industry produces 100% of the country's long steel, yet that covers only about 78% of consumption — the rest is imported
- Colombia produces no flat steel at all (the input for appliances, vehicles, and structural components): 100% is imported, over one million tonnes a year
- With installed capacity running below its ceiling, there is room to produce more today without new investment — but not enough to close the full gap

The goal: steel sovereignty

- To join the small group of countries able to supply 100% of their own steel demand, even as that demand grows with reconstruction and the ¨ Economía Milagro ¨ agenda
- That requires investing in expanded installed capacity — not merely producing more with what already exists
- Closing this gap reduces the country's exposure to price volatility and to subsidized imports from Russia and China and secure the quality of products sold domestically

Colombia today relies on imports for a meaningful share of its long steel and for **100%** of its flat steel. Closing that gap with domestic production is the practical definition of steel sovereignty.

Steel demand has declined — and is poised to rebound

National apparent steel consumption, Colombia

3.4 Mt (largos)
Apparent consumption, 2025

-8% to -10%
Decline in consumption, 2024

-9.7%*
Metallurgical GDP, Jan-Sep 2025

64 kg**
Per-capita consumption/year (LatAm: 120 kg)

What happened (2022-2025)

- High interest rates, weaker social-housing (VIS) sales, and a broader economic slowdown weighed on steel consumption under the previous administration
- 2025 deepened the decline: metallurgical GDP fell at more than double the rate of the prior two years
- Colombia's per-capita consumption (64 kg) remains well below Brazil (110 kg), Mexico (222 kg), and the United States (266 kg)

What lies ahead

- The industry's goal is to recover historical consumption levels (3.6-3.7 Mt/year)
- The "Economic Miracle" agenda (doubling investment/GDP, a pipeline of 170 projects) is pushing steel demand upward
- Post-earthquake reconstruction adds further, urgent demand for domestically produced steel

***Fedemetal, gremio de empresas metalurgicas y metalmecanicas. Camara de la ANDI**

****Fuente: Alacero Summit info: Latam 2022, Colombia 2024**

Forged in Colombia

Reclaiming Steel Sovereignty

A US$100-300m partnership opportunity to build a scaled Latin American materials platform, anchored in an existing steel business and supported by a differentiated mineral-resource base.

US$100-300m	**US$49m → 75-80m**	**~15.8m t**	**5-7 yrs**
Potential capital program	Steel EBITDA pathway	Estimated iron ore reserves	Illustrative horizon

INVESTMENT THESIS

Cash-generating steel anchor + resource optionality + asset-light trading + disciplined M&A

Paz del Rio is the anchor asset - not the limit of the platform.

Forged in Colombia: reclaiming steel sovereignty

Strategic rationale, market context and defensibility of the platform

01 · THE U.S. PLAYBOOK

US$15bn

New Iowa steel mill announced by President Trump on Sep 28, 2026, billed as the largest in U.S. history

- ~10 Mt/yr capacity, start-up in 2030 (Mesabi Metallics / Essar)
- Fed by a new Minnesota iron ore mine, the first in 50 years, backed by a US$770m EXIM loan
- Protected by a 50% tariff on imported steel

02 · COLOMBIA'S STRUCTURAL GAP

40-50%

of Colombia's steel supply is imported

- Apparent consumption of ~3.4-3.7 Mt per year
- Paz del Río is the only Colombian producer making steel from its own minerals
- The steel chain supports 50,000+ direct and indirect jobs

03 · POLICY TAILWIND

6%

Misión Crecer GDP growth target, vs. 1.6% average over the last three years

- Growth led by private investment, with critical minerals as a priority sector
- Banco de Proyectos Patria Milagro: 176 projects, US$150bn+
- U.S.–Colombia critical minerals MOU signed Sep 8, 2026

WHY THIS PLATFORM IS DEFENSIBLE

Mine-to-mill integration
The Iowa model, already operating in Boyacá

Import substitution
Local supply for an import-dependent market

Hard-to-replicate base
Ore, plant and know-how built over 70+ years

Critical-minerals option
Ready vehicle for rare earths as Colombia opens exploration

If the U.S. is rebuilding mine-to-mill steel for economic security, Colombia should too. Andean Materials is the ready vehicle, and a direct contributor to Misión Crecer.

Four value-creation engines

The platform is designed to combine operating cash flow with higher-growth optionality



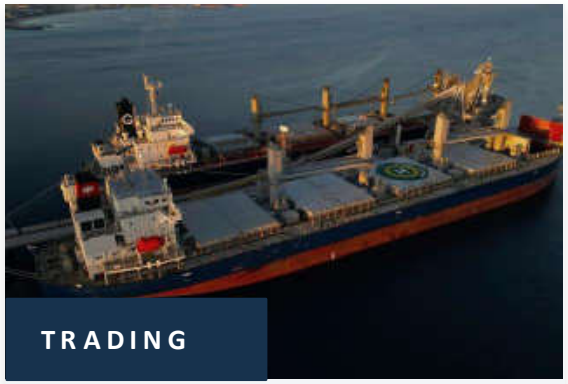
US$75-80m EBITDA

- Operational transformation
- Capacity and efficiency
- Improved cash conversion



US$15-25m EBITDA*

- Mine development
- Resource monetization
- Offtake / third-party sales



US$5-15m EBITDA*

- Billet and finished steel
- Raw-material flows
- Asset-light growth



Upside

- Adjacent operations
- Regional consolidation
- Strategic JVs

Illustrative platform potential before M&A upside: **US$95-120m+ EBITDA | US$455-615m+ EV**

**Minerals and trading economics are preliminary structuring assumptions subject to validation.*

STAGED DEPLOYMENT SUPPORTS CAPITAL DISCIPLINE

An up-to-US$300m commitment does not require full day-one deployment



PHASE I

~US$100m

- Steel transformation
- Initial mining development
- Trading working capital



PHASE II

~US$100m

- Mining expansion
- Strategic partnerships
- Selected M&A



PHASE III

Up to ~US$100m

- Regional expansion
- Additional strategic-material acquisitions

Investment committee discipline at each phase | Ability to co-invest at asset level | Flexible capital allocation

PDR: The only player with all three pillars to lead on sovereignty

Production, strategic minerals, and quality

Production

- Colombia's leading steel producer, with an established track record and installed infrastructure
- The natural benchmark for supply capacity and reliability in the country

Strategic minerals

- The only Colombian steelmaker with its own iron ore extraction — every other domestic producer depends entirely on recycled scrap
- That proprietary mineral base reduces exposure to scrap-price volatility and to potential restrictions on scrap exports

Quality and stability

- A solid domestic supply base reduces the exposure of the country's strategic infrastructure to the price and availability volatility of imported steel
- Strengthening the national leader is, in practice, strengthening the country's productive sovereignty over an essential input for housing, roads, energy, and industry