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Metals & Mining

Behind the Great Wall: How long will the real estate crisis in China last?

LatAm Metals & Mining

Main takeaways on China:

(i) General scenario: We believe that 2025 will be marked by the worsening of China's real estate crisis, with increased state intervention, challenges in the private sector, and a decline in new launches; **(ii) Reduction in private investments in land purchases**: The allocation of only 5% of contracted sales for new land in 2024 (vs. 30% by state-owned enterprises) highlights a -49% y/y drop in launches in major cities and an 88% y/y decline in Vanke's investments, limiting the project pipeline; **(iii) Migration to the secondary market**: Launches in 2024 represented only 32% of the 2019 peak, reinforcing the shift of homebuyers to the secondary market. The secondary market will continue gaining momentum in 2025, already accounting for 61% of sales in 2024 (vs. 43% in 2021), driven by fears of construction delays and more competitive prices; **(iv) Decline in launches in 2025**: We forecast that new launches in 2025 will fall below 100 thousand units in China's 12 largest cities (-38% vs. 2024), with a slow recovery expected only by 2026; **(v) Fragility in sold area**: The sold area in the third week of January, at 1.2 million sqm (-25.2% w/w), reflects moderate positive seasonality but remains three times below 2020 levels, emphasizing the market's fragility; **(vi) Contractionary impacts**: We believe the dominance of the secondary market will intensify challenges for developers, reducing cash flow with a -31% drop in land investments in 2024 and **pressuring steel demand** in the medium term; **(vii) Limited credit**: The real issue in the real estate sector does not appear to be the lack of subsidized credit lines from the PBoC but rather the reluctance of banks to extend credit, with ¥53 trillion in available credit lines since 2021 remaining largely unused due to high risk and declining landbanks; **(viii) Reduced bank exposure**: Only 4% of new loans in 2024 were allocated to the real estate sector vs. 40–45% observed between 2016 and 2018, underscoring banks' risk aversion; and **(ix) Crisis duration**: We expect China's real estate crisis to **extend until 2027** due to the slow absorption of excessive primary inventory, which still amounts to **449 million sqm in the 80 largest cities** (-0.9% vs. October), necessitating continuous declines in launches to balance supply and demand.

Following our **weekly report series on China**, dividing the theme into our Metals & Mining sections, "Direct from the Blast Furnace," we now present more data about the **Chinese Real Estate Market**. This is part of the second series of reports (with the series "From Macro to Micro" being the first) and will receive the title **"Behind the Great Wall."** This report refers to **week 4 of January 2025**, based on data from the week before publication.

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Companies

VALE US Equity
Buy

Price: US$ 8.87 (22-Jan-2025)
Target Price 12M: US$ 13.00 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 78.50 (B3)

CMIN3 BZ Equity
Neutral

Price: R$ 5.19 (22-Jan-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 17.60 (22-Jan-2025)
Target Price 12M: R$ 23.40

CSNA3 BZ Equity
Neutral

Price: R$ 7.85 (22-Jan-2025)
Target Price 12M: R$ 12.75

USIM5 BZ Equity
Neutral

Price: R$ 5.22 (22-Jan-2025)
Target Price 12M: R$ 6.50

Why should I read this report?

The purpose of this report series is to **update investors on the theme of the Chinese real estate market**, the sector that consumes the most steel globally, responsible for approximately **1/3 of China's GDP** during the years of demographic **boom**. Since many investors are accustomed to monitoring the sector as a **barometer for steel demand** and, consequently, **iron ore**, we believe that the data and analyses compiled in the reports should anticipate their respective **impacts on the Metals & Mining sector**. Market dynamics in China directly affect mining companies but also indirectly impact steel mills in Brazil. Therefore, we consider this series of reports essential for monitoring the sectoral fundamentals that resonate in the investment theses of the companies we cover in the sector (**Vale, CMIN, Gerdau, CSN, and Usiminas**).

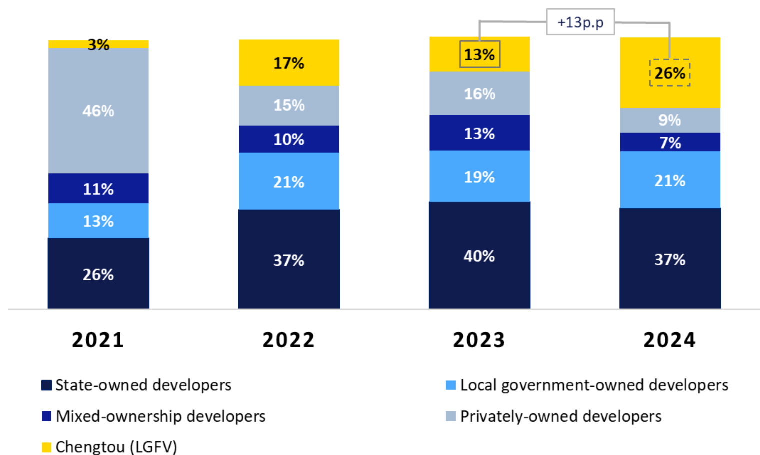
The report's format is designed to provide **text-based sections** with a conclusion in the **"Our Take"** section and will always be filled with **visual stimuli** through graphs and tables. Our intention is to carry out weekly monitoring of these graphs and tables, depending on the available data (some data are monthly, not weekly).

China's Real Estate market

The challenging outlook for 2025: We believe this year will be dominated by three main trends: **(i)** the growing influence of the Shanghai Municipal Investment Corporation, popularly known as Chengtou (Shanghai's municipal sovereign wealth fund), which is the controlling entity of Greenland (one of the Top 5 state-owned developers); **(ii)** the increasing challenges faced by private construction companies; and **(iii)** the accelerated reduction in the pace of new housing launches. We believe these factors will create dynamics that challenge the sector's sustainability in the medium term (in the next 5 years). Therefore, we expect 2025 to be another year of deepening the crisis (rather than a turnaround year), regardless of stimulus measures, unless the central government announces something highly "out of the box," which is not our baseline scenario.

Chengtou's growing presence in the land market. We observed that Chengtou, through its Local Government Financing Vehicle (LGFV), doubled its share in the landbank pool of the 100 largest developers in 2024, rising to 26% (+13p.p. y/y). We had already highlighted that it would become a trend for LGFVs to acquire an increasing amount of land. This increase in market share seems feasible due to the contraction of private developers' participation, which fell to 9% (-7p.p. y/y). In our sectoral reports last year, we frequently noted that state-owned developers were in a much stronger financial position compared to their private counterparts. However, Chengtou's construction pace remains low: only 22% of the land acquired between 2021 and 1H24 transitioned to construction projects, significantly below the rates observed among state-owned developers (72–78%) and private developers (44%).

Graph 1. Top 100 developers land-spending breakdown



Source: Bloomberg, Genial Investimentos

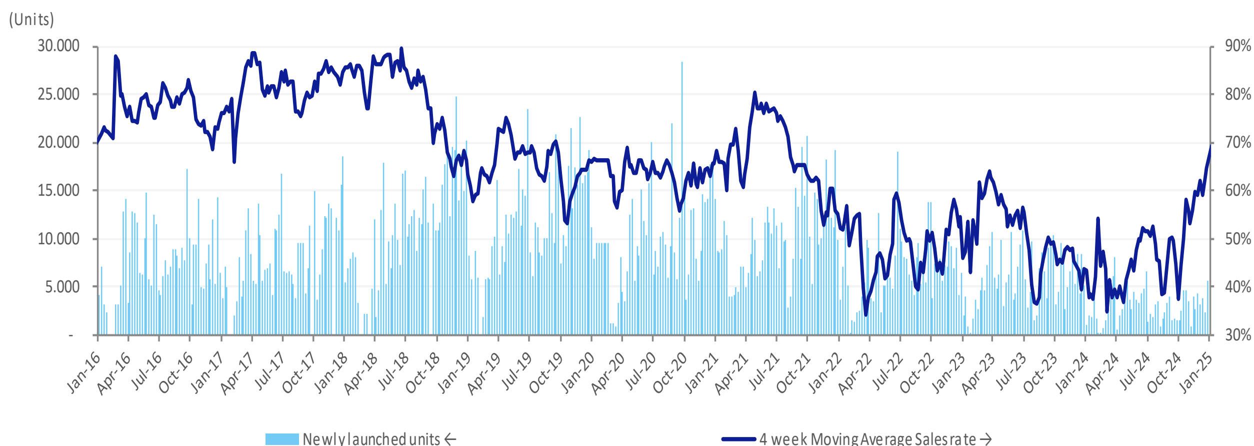
Landbank in strategic locations has become a survival strategy. State-owned developers continue to stand out with robust land reserves, particularly in high-demand cities. Developers like Yuexiu (a state-owned enterprise from Guangdong, listed in Hong Kong) maintain a landbank equivalent to 6.4 years of contracted sales, solidifying their competitiveness in a shrinking market. In contrast, the developer Poly is facing challenges due to its high exposure to lower-demand cities, a factor that significantly limits its recovery prospects. In other words, landbank location in Tier I cities is key to mitigating declines in contracted sales. Developers such as Shekou and COLI, both state-owned with greater exposure to Tier I and mid-Tier II cities, seem to hold a competitive advantage. Meanwhile, the 100 largest private construction companies have only 20–34% of their reserves in high-demand regions, placing them in a more vulnerable position.

Reduction in land investments and its impacts. As we have demonstrated, the contraction in the private sector is evident. Private developers face the necessity of prioritizing the delivery of pre-sold properties and debt repayment. As a trade-off, their average investments were reduced to just 5% of contracted sales in 2024 (vs. 30% maintained by state-owned companies). This decline directly reflects a reduction in the pipeline of new projects, further limiting the market's recovery prospects. In line with what we mentioned at the beginning of the report, we believe that 2025 will be another year of declining new launches. In 2024, the 12 main cities in China (Tier I and Tier II) reported only 159 thousand units launched (a -49% y/y drop). Vanke's figures illustrate this scenario well: the company's investments drastically slowed to ¥10bn (~US$1.4bn) in 2024 (-88% y/y). This decline highlights the liquidity challenges faced by private developers.

Newly launches figures continue to drift further from the 2019 peak. New project launches in 2024 reached only 32% of the 2019 peak (vs. 55% in the 10Y average), with many plots acquired since 2023 still showing no significant progress at construction sites. For us, this stagnation underscores the oversupply of unfinished properties in the primary market, redirecting buyers to the secondary market.

The growing migration of surplus demand to the secondary market reveals a trend that is likely to persist for years. Last week, new launches reached only 2,4 thousand units (-2.3% y/y). The first week of January is typically weak, with just 442 units being launched. The sales rate for the real estate inventory over the past 12M stands at ~65%, indicating a slight recovery following the measures implemented by the government in October of last year.

Graph 2. Weekly housing launches and sales rate (9 major cities)



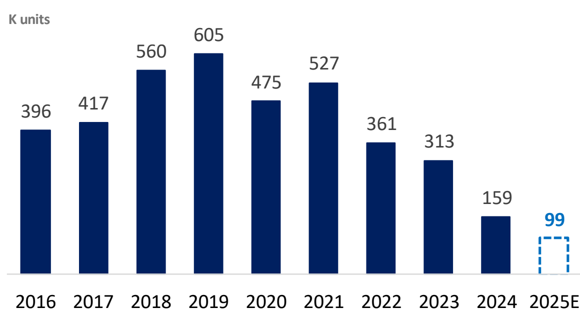
	17-Nov-24	24-Nov-24	01-Dec-24	08-Dec-24	15-Dec-24	22-Dec-24	29-Dec-24	05-Jan-25	12-Jan-25
Weekly new launch (units)	3.895	2.669	4.354	3.223	3.875	2.319	5.655	442	2.445
Sell-through rate	56%	60%	59%	62%	59%	63%	65%	67%	69%

Note: The 9 major cities analised are Guangzhou, Shanghai, Shenzhen, Chengdu, Chongqing, Hangzhou, Nanjing, Wuhan and Suzhou.

Source: CREIS, Genial Investimentos

The contraction for new launches in 2025 could be almost as severe as in 2024. High inventory levels and attractive discounts make the secondary market a viable alternative for buyers, who remain skeptical about developers' ability to deliver on newly launched properties. In cities like Chengdu and Chongqing (both Tier II), the secondary market already accounts for over 69% of total sales. We believe that in 2025, new launches will fall below 100 thousand units in China's 12 largest cities for the first time in the past 10Y, representing a decline of -38% vs. 2024 and marking the bottom of the real estate crisis. Currently, we estimate that a recovery in launches will only begin in 2026, but at a very slow pace.

Graph 3. Newly launched units (Total in 12 cities)



Source: CREIS, Genial Investimentos

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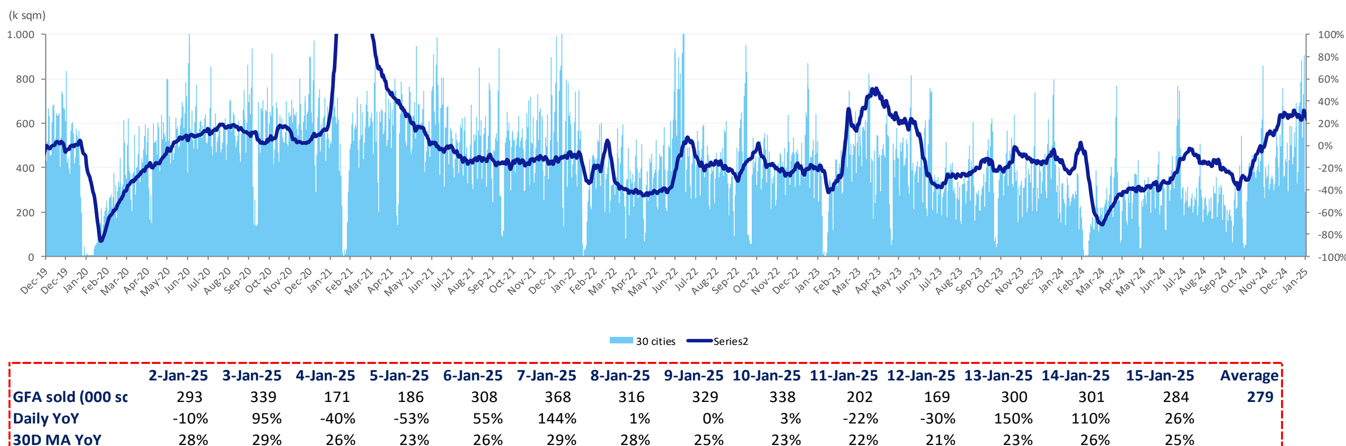
Sold area decreases this week despite positive seasonality. The sold area in the third week of January in Tier I cities reached a daily average of 83 thousand sqm (-15.3% w/w). Despite the decline, we note the presence of positive seasonality typical at the beginning of the year. In 2020 (before the bubble burst), daily sales during January weeks were close to 250 thousand sqm, 3x higher than the current level. In Tier II cities, the daily average for the sold area was 114 thousand sqm (-52.5% w/w).

The sharp decline this week is tied to last week's figures, which were momentarily more aligned with the historical average for the start of the year. The total sold area in the 30 largest cities in China amounted to 1.2 million sqm this week (-25.2% w/w), with a daily average since the beginning of January of 279 thousand sqm (+12% y/y). The 7-day moving average for the first 15 days of January stands at 282 thousand sqm, marking the second-lowest figure in the past 5Y for this period, as last year's sales levels were even lower.

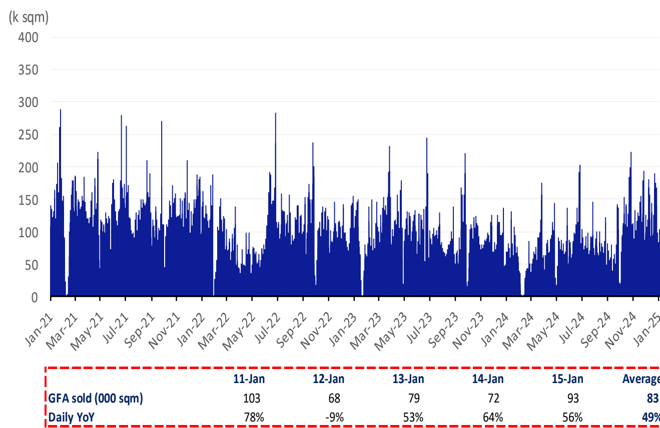
Graph 4. Daily sales of primary housing (30 major cities)



	2-Jan-25	3-Jan-25	4-Jan-25	5-Jan-25	6-Jan-25	7-Jan-25	8-Jan-25	9-Jan-25	10-Jan-25	11-Jan-25	12-Jan-25	13-Jan-25	14-Jan-25	15-Jan-25	Average
GFA sold (000 sc	293	339	171	186	308	368	316	329	338	202	169	300	301	284	279
Daily YoY	-10%	95%	-40%	-53%	55%	144%	1%	0%	3%	-22%	-30%	150%	110%	26%	
30D MA YoY	28%	29%	26%	23%	26%	29%	28%	25%	23%	22%	21%	23%	26%	25%	

Source: Wind, Genial Investimentos

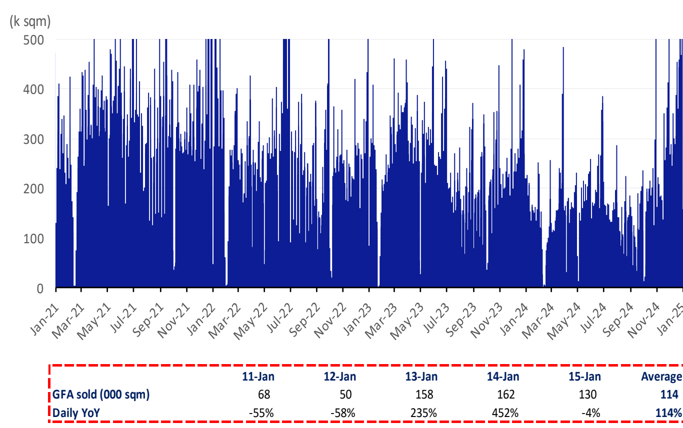
Graph 5. Daily sales of primary housing GFA (Tier 1)



	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan	Average
GFA sold (000 sqm)	103	68	79	72	93	83
Daily YoY	78%	-9%	53%	64%	56%	49%

Source: Wind, Genial Investimentos

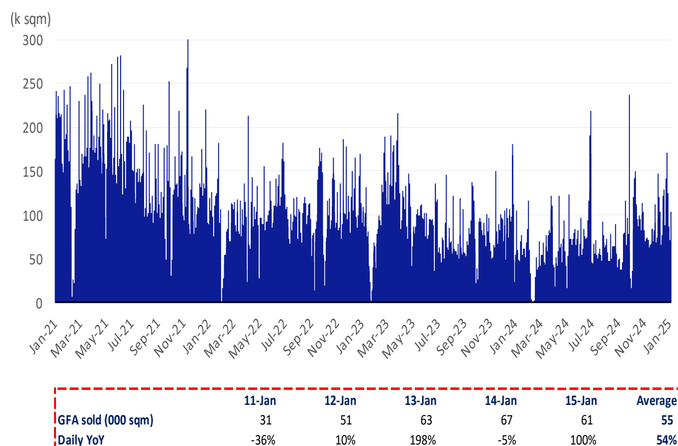
Graph 6. Daily sales of primary housing GFA (Tier 2)



	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan	Average
GFA sold (000 sqm)	68	50	158	162	130	114
Daily YoY	-55%	-58%	235%	452%	-4%	114%

Source: Wind, Genial Investimentos

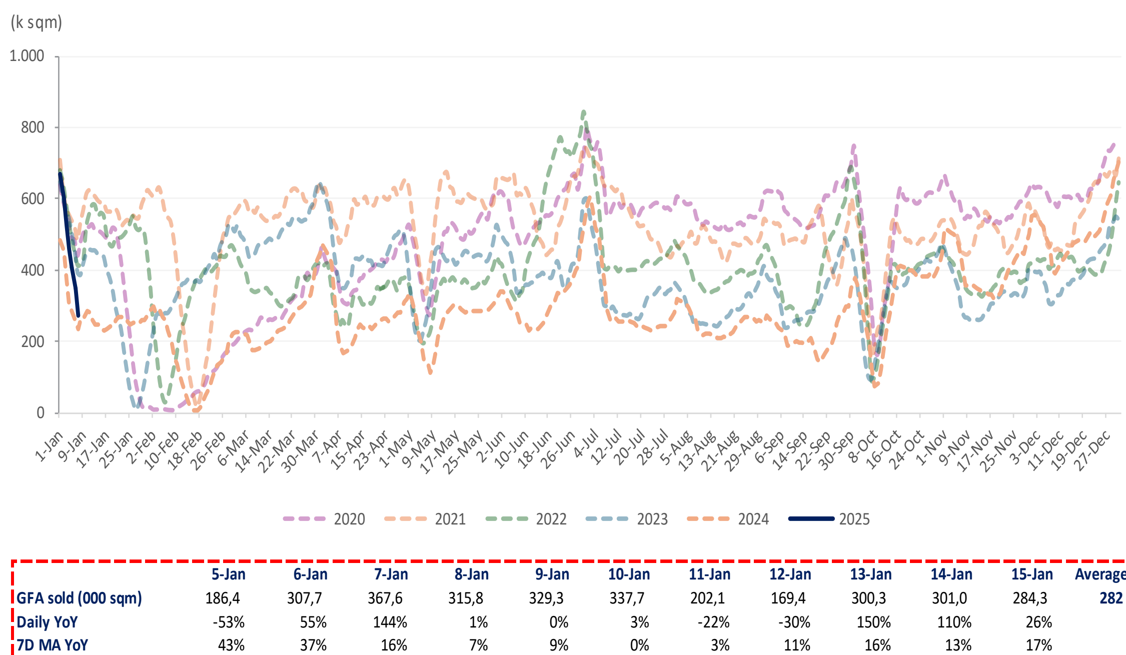
Graph 7. Daily sales of primary housing GFA (Tier 3)



	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan	Average
GFA sold (000 sqm)	31	51	63	67	61	55
Daily YoY	-36%	10%	198%	-5%	100%	54%

Source: Wind, Genial Investimentos

Graph 8. Daily primary housing GFA sales (30 major cities / 7 days Moving Average)



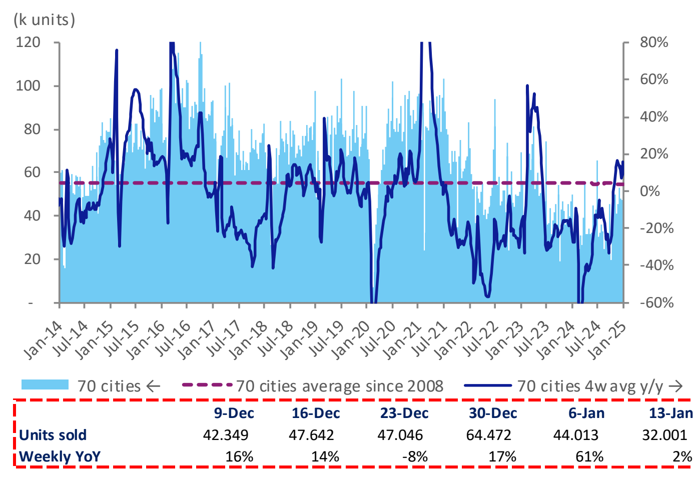
	5-Jan	6-Jan	7-Jan	8-Jan	9-Jan	10-Jan	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan	Average
GFA sold (000 sqm)	186,4	307,7	367,6	315,8	329,3	337,7	202,1	169,4	300,3	301,0	284,3	282
Daily YoY	-53%	55%	144%	1%	0%	3%	-22%	-30%	150%	110%	26%	
7D MA YoY	43%	37%	16%	7%	9%	0%	3%	11%	16%	13%	17%	

Source: Wind, Genial Investimentos

We expect further expansion of the secondary market in 2025. The share of the secondary market in real estate sales grew significantly, reaching 61% in 2024 (vs. 43% in 2021) across China's 15 largest cities. This increase reflects several factors, including: **(i)** fears of delays in the construction of new projects, given the perception of imminent risks among private developers, especially their inability to deliver pre-sold properties on time or according to agreed specifications.

Another key factor is that **(ii)** we are still monitoring large inventories and attractive prices in the secondary market vs. the primary market. This situation arises due to the high volume of available units combined with discounts offered by property owners to potential buyers. These elements make the secondary market highly competitive, significantly reducing the sales share of the primary market and challenging the survival of developers. We anticipate that this preference for the secondary market will continue in 2025 for those seeking to purchase homes. The primary market is already reflecting these changes, with the third week of January marked with 32 thousand units sold (-27.3% w/w) in the 70 largest cities, representing a marginal increase of +2% y/y.

Graph 9. Weekly primary housing sales (70 major cities)



	9-Dec	16-Dec	23-Dec	30-Dec	6-Jan	13-Jan
Units sold	42.349	47.642	47.046	64.472	44.013	32.001
Weekly YoY	16%	14%	-8%	17%	61%	2%

Source: Wind, Genial Investimentos

Migratory trend of homebuyers toward the secondary market. Although transaction volumes in the secondary market have increased significantly, the prices of used homes remain in decline, as we previously noted. In Shenzhen, for instance, secondary market prices fell by -6% y/y in November 2024, even as sales volumes grew by +71% y/y. Cities like Wuhan and Hangzhou (both Tier I) exhibit similar trends, with price drops of -4% to -6% accompanied by robust increases in transaction volumes. This disparity between prices and transaction volumes highlights consumer sensitivity to economic conditions and financial incentives. Despite **(i)** reduced mortgage rates and **(ii)** a cut in the minimum down payment to 15% (vs. 25% previously), both measures introduced in the latest stimulus package in October, we believe that **(iii)** pessimistic sentiment regarding the potential for property price appreciation continues to limit a broader sector recovery.

Contractionary impacts on developers. It seems logical that the dominance of the secondary market would generate contractionary effects on developers, exacerbating the challenges they face. We assess that **(i)** the decline in liquidity due to the increasing migration of buyers to the secondary market will likely reduce sales of new launches, impacting developers' cash flow.

Furthermore, we understand that **(ii)** the reduction in land acquisition investments, driven by tighter cash flow among developers, will in turn decrease China's construction potential in the medium term. This, without a doubt, will further weaken the demand for steel from this sector in the coming years. According to our analysis, the 100 largest developers (both private and state-owned) cut their land investments by -31% y/y in 2024. When focusing solely on private developers, the figures are even more pronounced, as illustrated by Vanke, which recorded an -88% y/y reduction in land investments in 2024.

Our Take on China's Real Estate

The issue is not the lack of credit but rather the willingness to extend credit. We also believe that financing constraints continue to plague the sector's recovery prospects. Although the PBoC did indeed offer subsidized credit lines last year, commercial banks do not appear inclined to provide loans to developers to revive projects on the Whitelist (a priority list of launched but unfinished developments). In other words, despite ¥53 trillion (~US$7.2 trillion) in credit lines directed to the sector since the crisis began in 2021, we have doubts about the ability of this monetary stance to revitalize a deeply fragile market. This is because the risk associated with these loans is very high, making it seemingly unfeasible for banks to lend the money. We have already observed developers attempting to use land as collateral for credit. However, the issue is that the landbank is declining, as we have demonstrated. For this reason, it seems increasingly difficult for developers to secure loan guarantees through land.

Financing shortages in the Real Estate sector driven by commercial Banks' reluctance. As we highlighted throughout the report, we assess that Chinese banks continue to restrict their exposure to the real estate sector, reflecting strong risk aversion. In 2024, only 4% of the total increase in bank loans was allocated to the real estate sector (vs. 40–45% observed between 2016 and 2018), indicating a sharp decline. This retrenchment reflects the reluctance of banks to expand their real estate credit portfolios, even with the support of instruments like the ¥300bn (~US$41bn) social housing fund, which had a utilization rate of only 5% by September 2024.

Limitations of stimulus policies. Despite the favorable conditions created by stimulus policies, such as mortgage rates reduced to approximately 3% (-5p.p. cut in October) and down payment requirements lowered to just 15%, the results have been modest. The oversupply of both new and used properties, combined with pessimism about price appreciation, continues to hinder a comprehensive recovery. Although cities like Beijing and Shanghai have shown slight recoveries, their impact is limited, accounting for only a fraction of the total transactions nationwide. Structural conditions, such as excessive inventory and low consumer confidence, continue to constrain the positive effects of these policies.

Empty promises and the ineffective Whitelist. In our view, the central government's promise to inject ¥5 trillion (~US$687bn) into projects on the so-called "Whitelist" failed to deliver the expected liquidity impact. From our perspective, we have always been skeptical of any packages launched to resolve the situation.

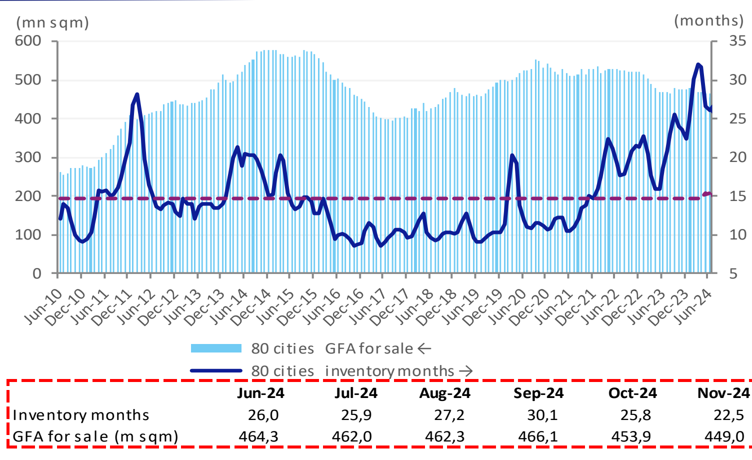
When the market experienced some relief following the measures announced in October of last year, we reiterated our understanding at the time that investor optimism would be short-lived and that the central government's so-called “countercyclical” measures would not effectively reduce the oversupply of properties.

In the first 9M of 2024, commercial bank loans to the real estate sector increased by just ¥639bn (~US$87bn), significantly lower than the ¥5 trillion (~US$685bn) projected by authorities. This discrepancy highlights the ineffectiveness of the implementation measures. Many potential buyers choose to delay purchase decisions, waiting for better market conditions. Investors continue to avoid the sector due to low prospects of property value appreciation and uncertainties regarding the delivery of pre-sold projects.

How long will the Real Estate crisis last? Our understanding is that reducing inventory supply requires time, and the central government has few effective tools to accelerate this process. Given the slow pace of absorbing the vast inventory, our calculations suggest that the **crisis will last a total of 6Y** (starting in 2021). In other words, it is expected to persist **until 2027**. We found that much of the resources the Chinese government attempted to inject into “Whitelist” projects were extensions of existing credit rather than new financing.

The months of inventory in the 80 largest cities did indeed decline, reaching **22.5 months in November** (-12.8% vs. October), reflecting some relief due to the measures implemented in October. Nonetheless, the area listed for sale remains excessively high, at **449 million sqm** (-0.9% vs. October). We believe the number of new launches must continue to decline to prevent potential increases in housing supply, allowing the sales pace (albeit slow) to continue reducing the time required to sell the entire inventory.

Graph 10. Inventory months- 80 major cities



	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Inventory months	26,0	25,9	27,2	30,1	25,8	22,5
GFA for sale (m sqm)	464,3	462,0	462,3	466,1	453,9	449,0

Source: CRIC, Genial Investimentos

Appendix: Vale

Figure 1. Vale – Income Statement in US$ Millions (Genial Est. 2024-2029)

Income Statement	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.701**	**39.152**	**39.956**	**39.136**	**40.138**	**41.163**
(-) COGS	(23.761)	(23.119)	(24.141)	(23.723)	(24.096)	(24.553)
Gross Profit	**14.939**	**16.033**	**15.815**	**15.413**	**16.042**	**16.609**
(-) Expenses	(1.947)	(2.686)	(2.532)	(2.021)	(1.679)	(1.735)
Adjusted EBITDA	**16.066**	**16.777**	**16.674**	**16.966**	**18.130**	**18.823**
(-) D&A	(3.083)	(3.226)	(3.419)	(3.614)	(3.816)	(4.007)
EBIT	**12.984**	**13.551**	**13.255**	**13.352**	**14.314**	**14.817**
(+/-) Financial Result	(2.777)	(2.167)	(1.876)	(2.077)	(2.290)	(2.418)
(-) Taxes	(817)	(1.877)	(1.925)	(1.920)	(2.067)	(2.148)
Net income	**9.389**	**9.507**	**9.454**	**9.355**	**9.957**	**10.251**
Profitability						
Net margin (%)	24,26%	24,28%	23,66%	23,90%	24,81%	24,90%

Figure 2. Vale– Cash Flow in US$ Millions (Genial Est. 2024-2029)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.701**	**39.152**	**39.956**	**39.136**	**40.138**	**41.163**
(-) COGS	(23.761)	(23.119)	(24.141)	(23.723)	(24.096)	(24.553)
Adjusted EBITDA	**16.066**	**16.777**	**16.674**	**16.966**	**18.130**	**18.823**
Adjusted EBIT	**12.984**	**13.551**	**13.255**	**13.352**	**14.314**	**14.817**
(-) Taxes	(797)	(1.635)	(1.657)	(1.684)	(1.882)	(1.975)
(+) D&A	3.083	3.226	3.419	3.614	3.816	4.007
(+/-) Brumadinho and Samarco	(97)	(1.940)	(1.629)	(1.176)	(1.025)	(747)
(+/-) Δ WK	266	986	957	(238)	349	(26)
(-) Capex	(6.470)	(7.018)	(7.018)	(7.559)	(7.559)	(7.559)
FCFF	**8.969**	**7.170**	**7.328**	**6.309**	**8.013**	**8.517**

Appendix: CMIN

Figure 1. CMIN – Income Statement in R$ Millions (Genial Est. 2024-2028)

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**15.088**	**15.022**	**16.009**	**21.694**	**23.006**
(-) COGS	(8.307)	(8.321)	(8.623)	(11.531)	(13.118)
Gross Profit	**6.781**	**6.702**	**7.386**	**10.164**	**9.888**
(-) SG&A and others	(2.240)	(1.951)	(2.071)	(2.807)	(2.979)
EBITDA	**4.977**	**6.099**	**7.068**	**9.499**	**9.436**
(+/-) Financial Result	(648)	(124)	(275)	(394)	(548)
EBT	**4.329**	**5.975**	**6.793**	**9.105**	**8.888**
(-) Taxes	(974)	(1.326)	(1.474)	(2.105)	(1.907)
Net Income	**2.257**	**3.299**	**3.563**	**4.856**	**4.451**
Profitability					
Net Margin (%)	14,96%	21,96%	22,26%	22,38%	19,35%

Figure 2. CMIN – Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow	2024E	2025E	2026E	2027E	2028E
Net Revenue	**15.088**	**15.022**	**16.009**	**21.694**	**23.006**
(-) COGS	(8.307)	(8.321)	(8.623)	(11.531)	(13.118)
Adjusted EBITDA	**4.977**	**6.099**	**7.068**	**9.499**	**9.436**
EBIT	**3.879**	**4.749**	**5.312**	**7.355**	**6.906**
(-) Taxes	(974)	(1.326)	(1.474)	(2.105)	(1.907)
(+) D&A	1.098	1.350	1.756	2.144	2.530
(+/-) Δ WK	131	51	15	280	207
(-) Capex	(2.082)	(4.825)	(5.031)	(5.367)	(5.767)
FCFF	**2.052**	**(1)**	**578**	**2.307**	**1.968**

Appendix: Gerdau

Figure 1. Gerdau – Income Statement in R$ Millions (Genial Est. 2024-2028)

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**65.953**	**67.829**	**66.093**	**65.557**	**65.344**
(-) COGS	(56.337)	(55.654)	(53.917)	(53.106)	(52.033)
Gross Profit	**9.616**	**12.174**	**12.177**	**12.451**	**13.312**
(-) Expenses	(2.441)	(3.023)	(2.957)	(2.940)	(2.933)
Adjusted EBITDA	**10.897**	**14.226**	**14.507**	**15.010**	**16.073**
(-) D&A	(3.011)	(3.853)	(4.098)	(4.319)	(4.518)
EBIT	**7.394**	**9.830**	**9.880**	**10.167**	**11.032**
(+/-) Financial Result	(1.099)	(453)	(342)	(50)	142
(-) Taxes	(880)	(1.275)	(1.296)	(1.375)	(1.533)
Net income	**5.416**	**8.102**	**8.241**	**8.742**	**9.641**
Profitability					
Net margin (%)	8,21%	11,94%	12,47%	13,33%	14,75%

Figure 2. Gerdau– Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E
Net Revenue	**65.953**	**67.829**	**66.093**	**65.557**	**65.344**
(-) COGS	(56.337)	(55.654)	(53.917)	(53.106)	(52.033)
Adjusted EBITDA	**10.897**	**14.226**	**14.507**	**15.010**	**16.073**
EBIT	**7.394**	**9.830**	**9.880**	**10.167**	**11.032**
(-) Taxes	(880)	(1.275)	(1.296)	(1.375)	(1.533)
(+) D&A	3.011	3.853	4.098	4.319	4.518
(+/-) Δ WK	(663)	(260)	194	99	143
(-) Capex	(5.615)	(5.676)	(5.739)	(5.802)	(5.866)
FCFF	**3.248**	**6.473**	**7.137**	**7.407**	**8.295**

Appendix: CSN

Figure 1. CSN – Income Statement in R$ Millions (Genial Est. 2024-2028)

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**42.907**	**47.035**	**51.041**	**58.920**	**63.289**
(-) COGS	(27.633)	(28.885)	(29.402)	(33.161)	(35.222)
Gross Profit	**15.274**	**18.150**	**21.639**	**25.759**	**28.067**
(-) SG&A and others	(7.089)	(8.124)	(8.207)	(8.678)	(8.627)
EBITDA	**8.184**	**10.026**	**13.432**	**17.081**	**19.440**
(+/-) Financial Result	(4.400)	(3.873)	(4.362)	(4.874)	(5.230)
EBT	**172**	**1.991**	**4.342**	**6.941**	**8.369**
(-) Taxes	(469)	(681)	(1.389)	(2.221)	(2.678)
Net Income	**(297)**	**1.310**	**2.952**	**4.720**	**5.691**
Profitability					
Net Margin (%)	-0,69%	2,78%	5,78%	8,01%	8,99%

Figure 2. CSN – Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow	2024E	2025E	2026E	2027E	2028E
Net Revenue	**42.907**	**47.035**	**51.041**	**58.920**	**63.289**
(-) COGS	(27.633)	(28.885)	(29.402)	(33.161)	(35.222)
Adjusted EBITDA	**8.184**	**10.026**	**13.432**	**17.081**	**19.440**
EBIT	**4.590**	**5.864**	**8.703**	**11.814**	**13.599**
(-) Taxes	(469)	(681)	(1.389)	(2.221)	(2.678)
(+) D&A	3.595	4.163	4.728	5.266	5.841
(+/-) Δ WK	(1.080)	(372)	(4)	(866)	(562)
(-) Capex	(4.485)	(6.142)	(6.113)	(5.586)	(5.629)
FCFF	**2.151**	**2.831**	**5.926**	**8.408**	**10.571**

Appendix: Usiminas

Figure 1. Usiminas – Income Statement in R$ Millions (Genial Est. 2024-2028)

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**25.104**	**28.136**	**31.204**	**34.167**	**37.105**
(-) COGS	(23.626)	(25.754)	(27.974)	(29.505)	(30.596)
Gross Profit	**1.478**	**2.383**	**3.230**	**4.662**	**6.509**
(-) Expenses	(1.211)	(1.316)	(1.571)	(1.602)	(1.708)
Adjusted EBITDA	**1.341**	**2.120**	**2.745**	**4.213**	**5.698**
(-) D&A	(1.119)	(1.054)	(1.087)	(1.152)	(897)
EBIT	**267**	**1.067**	**1.659**	**3.061**	**4.801**
(+/-) Financial Result	(526)	(285)	(446)	(594)	(644)
(-) Taxes	(76)	(434)	(673)	(1.370)	(2.308)
Net income	**42**	**348**	**540**	**1.098**	**1.849**
Profitability					
Net margin (%)	0,17%	1,24%	1,73%	3,21%	4,98%

Figure 2. Usiminas– Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E
Net Revenue	**25.104**	**28.136**	**31.204**	**34.167**	**37.105**
(-) COGS	(23.626)	(25.754)	(27.974)	(29.505)	(30.596)
Adjusted EBITDA	**1.341**	**2.120**	**2.745**	**4.213**	**5.698**
EBIT	**267**	**1.067**	**1.659**	**3.061**	**4.801**
(-) Taxes	(76)	(434)	(673)	(1.370)	(2.308)
(+) D&A	1.119	1.054	1.087	1.152	897
(+/-) Δ WK	1.360	(739)	(830)	(611)	(503)
(-) Capex	(1.443)	(1.241)	(2.047)	(1.638)	(1.556)
FCFF	**1.228**	**(293)**	**(805)**	**594**	**1.331**

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