genial | Equity Research

Metals & Mining

China, from macro to micro: Hidden seasonality

LatAm Metals & Mining

Main takeaways:

(i) PMI Caixin, released on February 4, indicated that **new business growth has dropped** to its lowest level in four months; **(ii)** employment levels have fallen at the fastest pace since April 2024; **(iii)** the industry's price sub-index has decelerated, despite a faster increase in average costs; **(iv) manufacturing production** growth **improved** in January; **(v)** average **selling prices for durable goods fell** at the fastest pace since July 2023; additionally, **(vi)** the **January CPI** in China recorded a rise of **+0.5% y/y**, ending 4 consecutive months of decline, driven mainly by strong demand ahead of the Chinese New Year; **(vii)** the rise was led by food prices, which advanced **+0.4% y/y**, while **core CPI** accelerated to **+0.6% y/y**, indicating modest warming but no structural turnaround; **(viii)** we expect the **CPI to return to deflation** in **February** due to a higher comparison base from the **2024 Chinese New Year**; **(ix)** the **PPI fell -2.3% y/y**, more than expected, with deflation persisting for over **two years**; **(x) M2** increased **+7% y/y**, but **M1** experienced weak growth, suggesting a **lack of consumer confidence**; **(xi)** the Trump administration is considering a new deal with China to reduce tariffs and increase investments; **(xii)** China signals **more fiscal and monetary stimulus** in **2025**; **(xiii)** the PBoC is expected to maintain interest rates in **February**, but may cut the **5-year LPR** in **March**; regarding the **"Steel and Iron Ore"** section: **(xiv)** iron ore supply slowed, with a decline of **-6.6Mt** in the week from February 10 to 16, reflecting **Vale's commercial shift** and adverse weather conditions; **(xv) Vale** was responsible for a significant reduction of **-1.8Mt**, but inventory at Chinese ports increased **+17% y/y**; **(xvi)** iron ore prices are expected to rise due to the reduction in supply; **(xvii)** steel inventory at Chinese mills **increased** to **5.4Mt** (**+3.6% w/w**), **pressuring long steel prices**, especially rebar; **(xviii) HRC production** resumed after the Chinese New Year holiday, while rebar production still fell **-3.1% w/w**; **(xix) blast furnace utilization dropped** to **85.6%**, while EAF production saw a significant increase.

In another edition of our weekly report on the **Metals & Mining sector**, focused on the chapters of **Macroeconomics in China** and **market sentiment**, this week's series is part of the "**From Macro to Micro"** sequence. This report pertains to **week 3** of **February 2025.**

The aim of this series is to update investors on the key **macroeconomic data** from China, focusing on its correlation with the Metals & Mining sector. Market dynamics in China directly affect miners, as well as indirectly impacting steel mills in Brazil. Therefore, we believe it is necessary to analyze the macro without losing focus on the micro. We consider this report series essential for tracking the sectoral fundamentals that resonate in the investment theses of the companies we cover in the sector (**Vale, CMIN, Gerdau, CSN, and Usiminas**).

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Companies

VALE US Equity
Buy

Price: US$ 9.74 (19-Feb-2025)
Target Price 12M: US$ 11.10 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 65.60 (B3)

CMIN3 BZ Equity
Neutral

Price: R$ 5.37 (19-Feb-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 17.36 (19-Feb-2025)
Target Price 12M: R$ 23.40

CSNA3 BZ Equity
Neutral

Price: R$ 8.76 (19-Feb-2025)
Target Price 12M: R$ 12.75

USIM5 BZ Equity
Neutral

Price: R$ 6.07 (19-Feb-2025)
Target Price 12M: R$ 6.00

China

Macroeconomics

China is expected to face another challenging year. The beginning of 2025 brings a scenario of ongoing profound uncertainties for the Chinese economy, characterized by a complex interaction between **(i)** government stimuli that bring volatility to markets due to speculative bias, **(ii)** geopolitical tensions, **(iii)** demographic strain, and **(iv)** structural weaknesses. The Chinese growth model, historically supported by the real estate sector and infrastructure investments, has been losing traction, forcing the central government to seek new strategies to maintain economic dynamism. Moreover, exports remain an essential pillar but face increasing obstacles amid escalating global trade disputes.

CPI data improves, but we believe the peak will be short-lived. On February 8, China's inflation indicators (CPI and PPI) for January were released. The January CPI broke a four-month decline streak, posting its first increase since August 2024, rising +0.5% y/y (vs. +0.4% consensus and +0.1% in December). In our view, the increase was driven by a temporary surge in demand due to the eight-day Chinese New Year, although does not indicate a structural reversal, as deflationary pressure persists. The rise was mainly driven by food prices, which increased +0.4% y/y (vs. -0.5% in December). Core CPI (excluding seasonal factors like food and energy) accelerated for the fourth consecutive month, reaching +0.6% y/y (vs. +0.4% in December). While this seems like a positive signal, considering the modest recovery pace, it still reflects demand far from what would be considered healthy for a heated economy. In February, we expect the CPI to return to deflation, mainly due to the higher base effect of the 2024 Chinese New Year, which took place in the same month.

PPI is still in deflation. While the CPI reading showed a slight economic pickup (even if temporary), China's PPI fell -2.3% y/y in January, -0.2% m/m vs. -0.1% previously. Deflation was sharper than the -2.2% y/y expected by consensus, keeping the PPI in negative territory for over 2Y. We assess that this decline was influenced by subdued industrial production around China's holidays. Investment goods prices remained almost stable monthly at -2.6% y/y (-0.2% m/m), while steel and mining prices also dropped, down -4.9% y/y (-0.3% m/m). Raw material prices saw a narrower decline of -1.9% y/y (vs. -2.2% y/y consensus). Manufacturing prices remained largely flat, with a mild -0.3% m/m drop, totaling -2.7% y/y. On the other hand, consumer goods prices showed slight improvement. Additionally, we note that foreign exchange reserves increased to US$$3.2 trillion (+US$7bn m/m), supported by a weaker DXY index and rising global asset prices.

PMI Caixin shows an overall industrial slowdown, despite production growth. The Caixin Services PMI dropped to 51.0 (-2.2pts m/m) but remained above the 50-point threshold since January 2023, indicating expansion. The slowdown measured by Caixin aligns with the official NBS PMI, released before the Chinese New Year holiday, which showed weakening services activity at 50.3 (-1.7pts m/m). Despite softer business activity indicators vs. December, we believe the figure remained within expectations. Additionally, the survey indicated rising cost pressures, particularly in raw materials and labor, leading to a modest increase in selling prices for the second consecutive time.

The Caixin Manufacturing PMI clocked in at 50.1 (-0.4pts m/m), hovering near the neutral 50-point mark but still signaling expansion for the fourth consecutive month. According to the survey, China's manufacturing output subindex rose for the 15th straight month, with an accelerated expansion pace compared to December, in line with new orders growth driven by higher exports ahead of tariffs imposed by the Trump administration. The uptick in business activity was supported by stronger underlying demand, sustaining production growth before the industrial sector's pause for the Chinese New Year holiday.

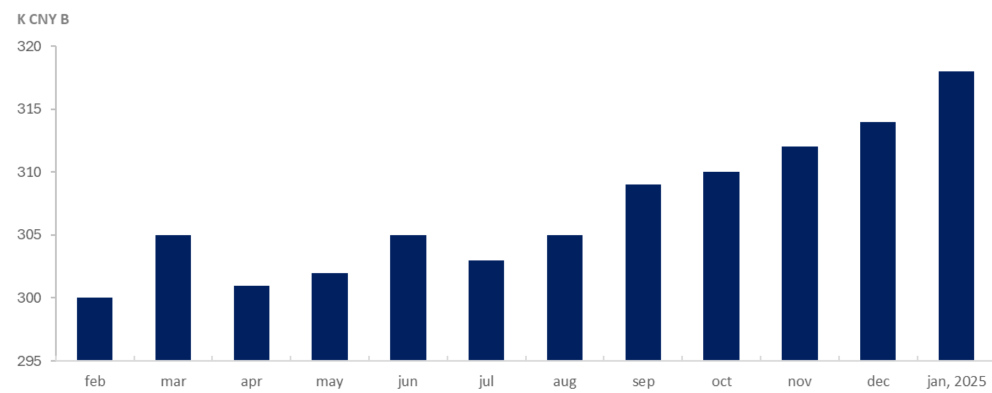
Our take on Macroeconomics

Caixin survey shows industrial employment remains in contraction. Concerns over growth expectations due to U.S. tariff threats and rising competition impacted hiring decisions in January for the manufacturing sector, causing industrial employment levels to decline at the fastest pace since February 2020. The combination of workforce reductions and rising new orders led to the fourth consecutive month of backlog accumulation in China's manufacturing sector. In summary, the Caixin survey showed that **(i)** new business growth slowed to a four-month low, **(ii)** employment levels fell to their weakest since April 2024, and **(iii)** new orders and business expansion slowed on a m/m basis. While industrial confidence continues to take heavy hits, it's worth noting that January's employment subindex decline was partly influenced by the earlier-than-usual Chinese New Year holiday.

M2 rises +7% y/y in January, intensifying deflationary spiral concerns. Data released in the second week of February by the PBoC showed that M2 (account savings, deposits and highly liquid investments) closed January at ¥318.5 trillion (~US$43 trillion), up +7% y/y, while M1 stood at ¥112.45 trillion (~US$15 trillion), posting a marginal +0.4% y/y increase. In our view, M2 growth reflects China's expansionary monetary policy, with the government implementing successive reserve requirement and interest rate cuts to boost liquidity and stimulate consumption.

However, weak consumer confidence in China's economic outlook has led consumers to save rather than spend, fueling bank reserves without effectively stimulating economic activity. This mismatch is evident in the sluggish M1 growth, signaling that household funds remain out of circulation and that uncertainty continues to drive financial decisions. In our assessment, this dynamic reinforces the risk of a deflationary spiral, where suppressed demand pressures prices, exacerbating pessimism and further contracting activity. While the PBoC continues injecting liquidity, we believe fiscal and monetary expansion measures will remain ineffective in the short term.

Graph 1. Deposit - Money Supply (M2)



Source: Bloomberg, Genial Investimentos

Political Updates and Market Sentiment

Trump administration considers broad trade deal with China to minimize tariffs. We believe the Trump administration's stance reflects a strategic attempt to reshape U.S.-China trade and geopolitical relations. On February 19, the U.S. government officially announced its willingness to sign a “bigger and better” deal. To provide context, the U.S. had previously signaled the imposition of 10% tariffs and the threat of severing formal trade relations. The Trump administration had suspended tariffs on Mexico and Canada but maintained those on China.

Chinese reactions and proposals indicate an openness to dialogue, with the possibility of committing investments and job creation in strategic sectors such as solar energy, electric vehicles, and batteries. The U.S. government seeks to have China agree to **(i)** license its technologies to U.S. partners, **(ii)** cooperate on international issues, primarily efforts to maintain peace in North Korea and rebuild Ukraine, **(iii)** strengthen the sovereign position of the USD, with China committing not to support the creation of a BRICS trading currency, and **(iv)** ensure that China maintains normalized levels of agricultural and other goods purchases from the U.S.

The Chinese government has indicated its willingness to negotiate these demands and work towards a deal. In our view, this demonstrates an interest in balancing the trade relationship and preserving the global influence of both countries, reducing the risk of a tariff escalation to levels near 60%, the figure Trump promised during his campaign.

China signals more stimulus for 2025. In the Politburo's latest meeting in December, the adoption of an "appropriately loose" monetary policy for 2025 was announced, signaling more interest rate cuts and a departure from the more conservative strategy maintained for 14 years. The Politburo also indicated a more proactive fiscal policy, with a promise to expand the deficit (above 3%) at the parliamentary session next month, creating space for more PBoC loan issuance to stimulate the weakened economy.

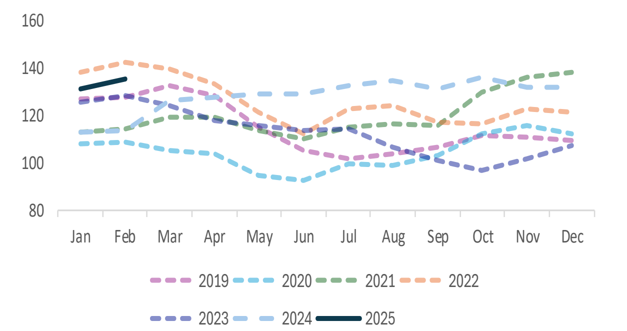
The December meeting was considered the most aggressive in a decade, but despite moderate optimism due to the apparent policy shift, the outcome of this narrative remains uncertain. It is important to note that domestic economic activity in China has been under scrutiny since the beginning of the trade war with the U.S., as a recovery in internal demand is crucial to offset the impact of higher tariffs imposed by the Trump administration, if no agreement is reached between the countries.

PBoC will keep interest rates unchanged. After market close today (Feb 19), the PBoC will announce its decision on the 1-Y and 5-Y LPR interest rates overnight. Despite adopting an "appropriately loose" monetary policy, we believe the PBoC will opt to keep rates unchanged at this time, with the 1-Y LPR remaining at 3.1% and the 5-Y LPR at 3.6%. Our opinion is mainly based on the stability in the USD/RMB exchange rate over the last 3M, since the last PBoC rate cut. Additionally, we believe Chinese authorities are walking a fine line between prioritizing financial stability and providing more stimulus amidst **(i)** uncertainties over trade escalation, **(ii)** RMB depreciation before the last cut, and **(iii)** narrowing profit margins for creditors—factors that currently limit flexibility for further loosening. Still, we believe the PBoC will implement a -30bps cut to the 5-Y LPR at its next meeting in March.

Iron Ore and Steel

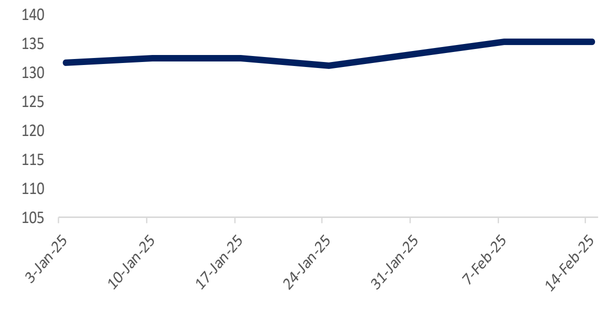
Iron ore port inventory slowdown in the face of commercial changes by major miners. Global iron ore shipment volumes from 19 ports and 16 miners in Australia and Brazil recorded a significant contraction from February 10 to 16. According to our market assessment, there was a reduction of -6.6Mt at the end of last week (-34.6% w/w), reaching a total volume of 12.4Mt shipped during the week, the lowest level since the start of the historical series in June 2019. We attribute this to a shift in Vale's commercial strategy, aiming to reduce shipments, partially extended to other majors. Brazil was one of the key contributors to this decline, with total iron ore exports falling by -1.6Mt (-25.5% w/w), reaching a level over a year low of 4.5Mt.

Graph 2. Iron ore port inventory vs. 5Y (Mt)



Source: Bloomberg, Genial Investimentos

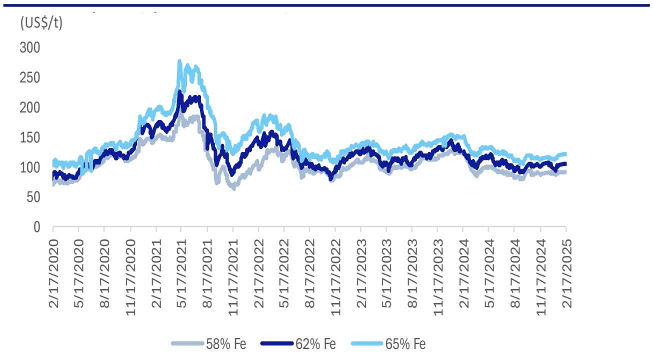
Graph 3. Iron ore port inventory 2024 (Mt)



Source: Bloomberg, Genial Investimentos

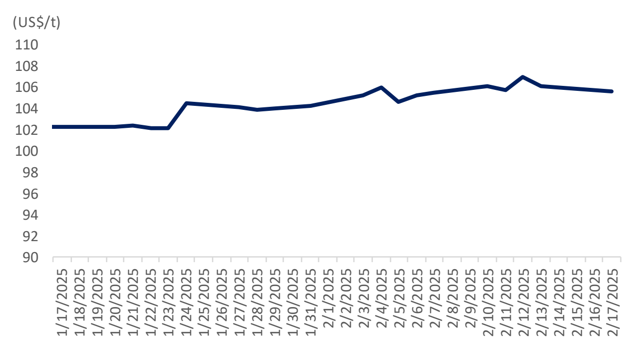
I.O. prices are expected to be driven by strategic commercial adjustments of majors. In this context, we believe that, as these strategic changes are realized, more noticeable recoveries in both the spot price of iron ore to US$106.8/t (+0.4% w/w; +5.1% m/m) and the 62% Fe futures contracts for March 2025 on the Dalian Commodity Exchange (DCE), which reached US$107.8/t (+0.5% w/w), will be attributed to this potential supply contraction in the seaborne market. We continue to closely monitor any new monetary incentives from the Chinese government – typical of 2Hs – that could create distortions between expectations and actual demand for iron ore, which are usually triggers for temporary price spikes.

Graph 4. Iron ore price (Spot - S&P Platts)



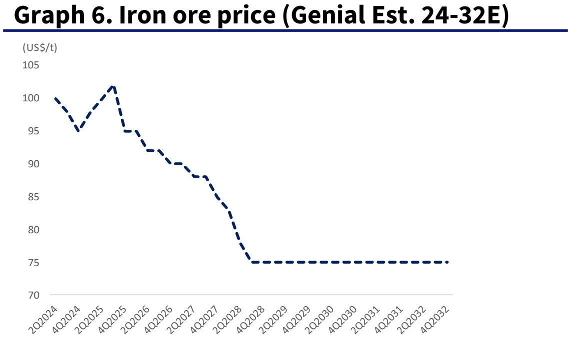
Source: Bloomberg, Genial Investimentos

Graph 5. 30 Days Iron ore prices (Spot - S&P Platts)



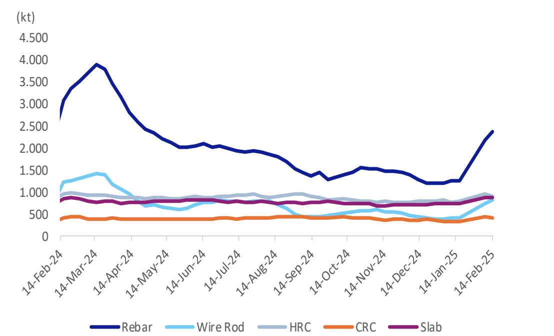
Source: Bloomberg, Genial Investimentos

Graph 6. Iron ore price (Genial Est. 24-32E)



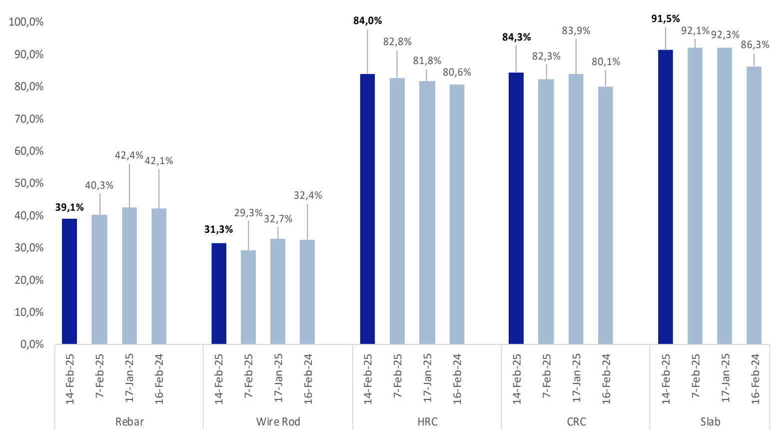
Excess supply of steel at mills' yards is expected to pressure long steel prices. According to market data, the stocks of the five main steel products (HRC, Rebar, Wire Rod, CRC, and Slabs) held by Chinese steelmakers increased for the sixth consecutive week, reaching 5.4Mt (+3.6% w/w), although the weekly growth rate has slowed by -1.1p.p vs. the previous week's contraction. The increase in total inventory during this period was primarily driven by the rise in long steel product tonnage, with wire rod and rebar inventories registering a jump of +12.1% w/w and +7.9% w/w, respectively. Therefore, we understand that prices for long steel products are likely to face significant pressure due to the persistent supply-demand imbalance. It is worth noting that, as of February 14, our market evaluation recorded the domestic price of rebar at ¥3,440/t or ~US$474/t (-0.2% w/w), in line with our current deflationary analysis.

Graph 6. Steel mills inventory (130 major cities)



Source: Bloomberg, Genial Investimentos

Graph 7. Blast-furnace capacity utilization (by product)

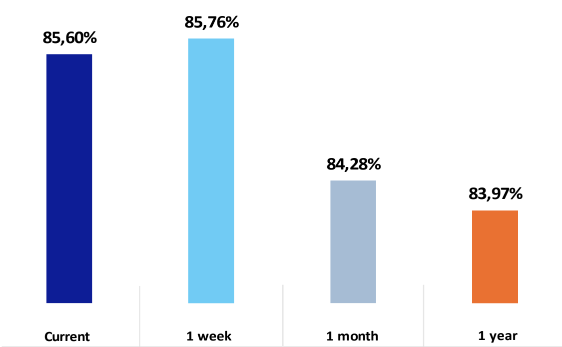


HRC production resumes after the New Year holiday, while rebar production still lags behind. Our weekly market data survey revealed a decline in rebar production among 137 monitored Chinese steel mills, reaching 1.8Mt (-3.1% y/y). We believe this decline, occurring in the first week back from the Chinese New Year holiday, reflects the fact that many electric arc furnace (EAF) mills have yet to resume operations, while several integrated mills in regions like Henan, Hubei, Anhui, and Fujian kept blast furnaces or rolling mills inactive for scheduled maintenance. In contrast, hot-rolled coil (HRC) production among the mills we track reached 3.3Mt (+1.5% w/w). Additionally, the utilization rate of flat steel mills reached 84% (+1.2p.p w/w), driven by increased operations in some mill complexes in central and northern China.

Blast Furnace utilization rate drops, EAF rises for the week. Our weekly market data survey revealed that production among blast furnace steel producers slightly decreased during last week, breaking the continuous upward trend observed since mid-January. We assessed that this performance was impacted by maintenance shutdowns at some units, reflected in the average capacity utilization rate of the monitored blast furnaces, which stood at 85.6% (-0.16p.p w/w). Although it dropped compared to last week, the rate is still +1.6p.p higher vs. the same period of last year. We believe this is due to the earlier timing of the Chinese New Year holiday in comparison to 2024. Since the 2025 holiday was around 15 days earlier, mills are resuming production earlier as well.

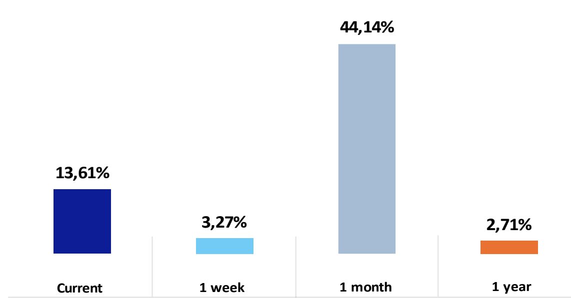
Therefore, looking at demand, we emphasize that the situation has not improved compared to 2024. That said, daily pig iron production continues to fall, reaching 2.28Mt/d (-0.2% w/w). In contrast, independent producers operating Electric Arc Furnaces (EAF) saw a notable recovery, although still at low levels compared to historical data, driven by the resumption of activities after the Chinese New Year holiday. During the period from February 7 to 13, the 90 mini-mills we monitor saw their capacity utilization rate partially recover, reaching 13.6% (+10.3p.p w/w).

Graph 19. BF capacity % (weighted average)



Source: My Steel, Genial Investimentos

Graph 20. EAF capacity % (weighted average)



Source: My Steel, 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	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Gross Profit	**13.915**	**12.971**	**13.226**	**13.200**	**13.674**	**13.991**
(-) Expenses	(1.469)	(2.500)	(2.566)	(2.475)	(2.150)	(1.736)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
(-) D&A	(3.107)	(3.301)	(3.473)	(3.651)	(3.826)	(3.992)
EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(+/-) Financial Result	(189)	128	314	471	676	982
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
Net income	**11.553**	**11.097**	**11.243**	**11.262**	**11.770**	**12.216**
Profitability						
Net margin (%)	30,16%	29,24%	28,65%	28,31%	28,85%	29,17%

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

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
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Adjusted EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
(+) D&A	3.107	3.301	3.473	3.651	3.826	3.992
(+/-) Brumadinho and Samarco	(415)	(1.511)	(1.300)	(718)	(893)	(279)
(+/-) Δ WK	2.956	499	283	150	625	(36)
(-) Capex	(6.088)	(6.710)	(6.854)	(7.130)	(7.130)	(7.130)
FCFF	**11.301**	**6.547**	**6.531**	**6.744**	**7.522**	**7.780**

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	**25.829**	**26.910**	**28.261**	**29.729**	**30.598**
(-) COGS	(24.243)	(23.957)	(25.103)	(25.479)	(26.601)
Gross Profit	**1.586**	**2.954**	**3.159**	**4.250**	**3.997**
(-) Expenses	(1.232)	(991)	(993)	(1.039)	(1.053)
Adjusted EBITDA	**1.493**	**3.191**	**3.414**	**4.467**	**4.189**
(-) D&A	(1.216)	(1.228)	(1.248)	(1.256)	(1.244)
EBIT	**402**	**1.963**	**2.166**	**3.211**	**2.945**
(+/-) Financial Result	(494)	(126)	(167)	143	505
(-) Taxes	144	(1.020)	(1.110)	(1.862)	(1.915)
Net income	**324**	**817**	**889**	**1.492**	**1.534**
Profitability					
Net margin (%)	1,26%	3,04%	3,15%	5,02%	5,01%

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

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E
Net Revenue	**25.829**	**26.910**	**28.261**	**29.729**	**30.598**
(-) COGS	(24.243)	(23.957)	(25.103)	(25.479)	(26.601)
Adjusted EBITDA	**1.493**	**3.191**	**3.414**	**4.467**	**4.189**
EBIT	**402**	**1.963**	**2.166**	**3.211**	**2.945**
(-) Taxes	144	(1.020)	(1.110)	(1.862)	(1.915)
(+) D&A	1.216	1.228	1.248	1.256	1.244
(+/-) Δ WK	1.208	(650)	88	(121)	(471)
(-) Capex	(1.106)	(1.436)	(1.436)	(1.149)	(1.092)
FCFF	**1.863**	**85**	**955**	**1.335**	**711**

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