genial Equity Research

Metals & Mining

China, from macro to micro: The danger of an economy in deflation

LatAm Metals & Mining

Main takeaways:

(i) Released by the NBS over the weekend, China's official inflation monitor (**CPI**) returned to **negative territory** in February, clocking in at **-0.7% y/y** (-0.2p.p vs. Consensus), reversing the +0.5% increase recorded in January; **(ii)** China's **trade balance** remained positive, but with **exports growing only +2.3% y/y** (-3.6p.p vs. consensus; -8.4p.p m/m) and imports falling -8.4% y/y, reflecting a weaker trade scenario; **(iii)** The Chinese government maintained its **GDP growth target at 5% for 2025**, raising the **fiscal deficit to 4% of GDP**, and pledging additional stimulus; **(iv)** The **Manufacturing PMI rose** to **50.2pts** and the **Services PMI** to **50.4pts**, both indicating a **slight recovery** after Chinese New Year; **(v)** The **Trump administration** announced an **increase in tariffs to 20%** (+10% +10%), amplifying **uncertainties for Chinese exports** and possible impacts on the Brazilian steel market; **(v) Iron ore imports** fell **-30% y/y YTD**, reflecting cuts in Vale's shipments and adverse weather events in Australia; **(vi)** Despite this, **Chinese port inventories** remained high at **~135Mt** (+17% vs. 2024), due to the pre-Chinese New Year buildup and still weak domestic demand; **(vii)** The **spot price of iron** ore fell to **US$100.1/t** (-4.7% w/w), pressured by **rising tariffs** and uncertainties in global demand; **(viii) Steel inventories** at Chinese mills fell to **5.4Mt** (-2.0% w/w), which may favor a **slight rise in rebar prices** in the next couple of weeks, according to our view; **(ix) Rebar production** reached **2.1Mt** (+4.9% w/w), the **highest level in 2M**, while **HRC production** fell to **3.2Mt** (-1.43% w/w) due to maintenance stoppages; **(x)** The **utilization rate of Blast Furnaces** rose to **85.58%** (+0.2p.p. w/w), while electric arc furnace (EAF) plants advanced to 48.91% (+8.8p.p. w/w), reflecting a gradual resumption of production.

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 1** of **March 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$ 9.90 (07-Mar-2025)
Target Price 12M: US$ 11.40 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 65.20 (B3)

CMIN3 BZ Equity
Neutral

Price: R$ 5.49 (07-Mar-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 16.96 (07-Mar-2025)
Target Price 12M: R$ 23.40

CSNA3 BZ Equity
Neutral

Price: R$ 8.80 (07-Mar-2025)
Target Price 12M: R$ 12.75

USIM5 BZ Equity
Neutral

Price: R$ 6.02 (07-Mar-2025)
Target Price 12M: R$ 6.00

China

Macroeconomics

CPI returns to a deflationary stage in February, as expected. Released by the NBS over the weekend, China's official inflation monitor (CPI) returned to negative territory in February, clocking in at -0.7% y/y (-0.2p.p vs. Consensus), reversing the +0.5% increase recorded in January. We believe this drop signals continued disinflationary pressure and underscores the difficulty local authorities face in stimulating domestic demand amid escalating trade tensions. It is also important to note that, as in 2024 the Chinese New Year holiday (by the lunar calendar) took place on an earlier date, we believe that the y/y comparison basis was affected, since in the same period last year the economy had already returned from recess for most of February, which was not the case in 2025. Despite recent economic stimulus measures, experts emphasize that encouraging cautious Chinese households to spend remains crucial to support an economy hit by US tariffs.

Net trade balance positive, but the composition shows cooling exports figures. The data released on Friday (07-Mar) by the NBS points to a slowdown in exports and a sharp retraction in imports, amid a scenario of uncertainty in global trade and tariff changes. In the 2M25 YTD period, exports grew by only +2.3% y/y (-3.6p.p vs. consensus; -8.4p.p m/m). As we quoted when we commented on the trade balance figures for January, we believed that export orders had been brought forward in November and December, so that the figures for January and especially February would show a slowdown in the indicator. This was mainly due to the companies that were importing the Chinese products trying to anticipate the Trump administration's application of tariffs.

Furthermore, we believe that the export trend for March should ease, reaching +2.4% y/y Genial Est. (-0.8p.p y/y). Our specific analysis revealed significant variations: **(i)** among the main trading partners (the G3: US, EU and Japan), export growth slowed to +1.3% y/y in 2M25 YTD vs. +10.3% 2M24; **(ii)** while exports to the US and EU weakened, those to Japan improved due to a weak base in 2024. As for imports, the figures showed a sharp contraction of -8.4% 2M25 YTD y/y (-9.4p.p vs. consensus).

5% GDP growth target for 2025. GDP for 2024, released in January, was reported at US$18 trillion, beating the target by growing by +5.5% (vs. 4.8% Genial Est.). Last week the Chinese central government set a **(i)** GDP growth target of "around 5%" for 2025, maintaining the indicator vs. 2024, even in the face of growing trade tensions, weakened domestic demand and a prolonged slowdown in the real estate market. Announced by Premier Li Qiang last Wednesday, the measure is accompanied by **(ii)** raising the fiscal deficit target to 4% of GDP (+1p.p y/y) as a strategy to stimulate the economy. In addition, the central government has set a **(iii)** consumer inflation target of +2% (-1p.p y/y), amid a scenario of disinflation that has seen consumer prices rise by just +0.2% in 2024, well below the target of +3%.

Job creation target flat vs. 2024. In terms of the labor market, the central government aims to create 12 million new urban jobs (the same figure as in 2024) and keep the unemployment rate at 5.5% (the same level as today). To boost investment, local governments will be able to issue up to ¥4.4 trillion (~US$605bn) in treasury bonds, mainly to finance infrastructure and development projects. Beijing alone would keep ~30% of the amount raised in long-term bonds (~US$180bn) to strengthen the capital bases of the country's largest banks.

Manufacturing PMI returns to the expansion zone. Chinese industry expanded again, with the official Manufacturing PMI, measured by the NBS and released at the end of February, rising to 50.2pts (+0.3pt. vs. consensus; +1.1pt. m/m), although it settled slightly above the 50pts mark, which separates it from the expansion line. We understand that this positive result occurred as downstream companies resumed operations after the Chinese New Year recess, boosted by the ongoing effect of a set of stimulus measures adopted by the central government in 2H24. On the other hand, we believe that the scenario continues to be impacted by **(i)** US tariffs that were in the process of rising at the start of this year, **(ii)** still weak domestic demand and **(iii)** persistent deflationary risks. Furthermore, China's official Services PMI indicator for February rose to 50.4pts (+0.2pt. m/m) and the Composite PMI came in at 51.1pts (+1.0pt. m/m), recovering from the 5M low of 50.1pts in January, with manufacturing activity recording its strongest growth in 3M following the resumption of work after the Spring Festival (Chinese New Year).

Steel PMI rises, but still far from expansion. According to data collected by the CFLP Committee (CSLPC), a body linked to the State Council, the PMI for the steel sector in China reached 45.1pts. in February (+1.8pts. m/m), linked to the resumption of mills after the Chinese New Year holiday. However, the indicator is still within the contraction zone, well below the 50 thresholds, partly reflecting the residual effects of the seasonal capacity reduction at the mills during the winter (December to February), showing that demand still needs to recover, even after the end of this period. In addition, crude steel production remained stable, while raw material and finished steel prices showed a softening trend last month.

Caixin Industrial PMI also has an upward bias. According to data released by Caixin, the Manufacturing PMI rose to 50.8pts. in February (+0.4pts. vs. consensus; +0.7pts. m/m), marking the 5th consecutive month above 50, the threshold that separates expansion from contraction. We believe the effects are coming from more production and new orders reaching the highest level in the last 6M, although export orders still show subdued external demand. We believe that the latest data from the domestic market show signs of a slight recovery, but it is still below the historical average, suggesting a slow and gradual recovery in the industrial sector.

Caixin Services' PMI accelerated for the 26th consecutive month. The Services PMI measured by Caixin rose to 51.4pts (+0.7pts. vs. consensus; +0.4pts. m/m), marking the 26th consecutive month of expansion under increased consumer demand for services. As we've commented several times, China is going through a reallocation of household budgets, which are reducing spending on goods and spending more on services. Input costs have fallen for the first time since June 2020, allowing service providers to reduce prices and further stimulate demand.

The business outlook for the year ahead reached the highest level in 3M, reflecting optimism in the face of more robust demand and plans to boost sales. However, our view is that the Chinese economy is still likely to face challenges, including the **(i)** continued weakening of the real estate market (we believe the number of newly homes launches will fall by close to -30% y/y in 2025), **(ii)** weak domestic demand, especially for durable goods and the **(iii)** increase in tariffs amid escalating trade tensions with the US.

Policy Updates and Market Sentiment

Trump administration toughens its stance, raises tariffs to 20% and China may retaliate. Let's beware of the risk of an even stronger slowdown in the Chinese economy in the short term as trade tensions escalate. The Trump administration announced a new increase in tariffs on Chinese products of +10% (applied on March 4), reaching +20% in total, considering the first round already imposed on February 4. The new tariff was supposedly added to put pressure on the central government to step up the fight against drugs (mainly fentanyl) entering the US, according to statements. However, the issue of the opioid crisis seems to us to be used only as a pretext to fuel trade disputes. In response, the official account of the Chinese embassy in Washington, on the social network X, published: “If war is what the US wants, be it tariff, trade or any other kind, we are ready to fight to the end”. This speech seems to rule out the possibility of a bilateral agreement in the near future. On Tuesday, China imposed tariffs of up to +15% on American exports, in response to President Donald Trump's raising of tariffs to 20%. We therefore believe that it will be a game where both sides will lose in the short term, but with China having a greater slowdown as it is currently more dependent on exports than the US.

Tariff on steel in China promoted by the U.S could have a knock-on effect on Brazil. As we commented, the US recently announced an additional tariff of +10% on Chinese imports, bringing the total to +20% on any products arriving in US territory, although the real burden could reach +70% in the case of steel. This is because, on February 11, the Trump administration reintroduced a +25% tariff on imported steel, with no exceptions, effective March 12, like the measure already applied in section 232. We understand that constant tariff threats increase tensions in global trade, leading Vietnam and South Korea, for example, to adopt anti-dumping measures against Chinese steel, while tariffs of +25% on products from Mexico and Canada were due to come into force on March 4 (they were postponed until April 2). If it is indeed cumulative, the redirection of Chinese flat steel to the rest of the world - including Brazil - should have competitive side effects for Brazilian mills.

Iron ore imports fell -30% y/y YTD. Imports of commodities fell -13.7% 2M25 YTD vs. -12.2% in Dec-Jan, with iron ore falling -30% y/y. We believe that what may explain this significant drop is not necessarily a further weakening of demand, but rather **(i)** the change in Vale's commercial strategy (to ship less volume, focusing on a higher quality mix) and **(ii)** climatic adversities in Australia, which is going through a serious period of tropical cyclones. In addition, we believe that the imposition of additional tariffs and the instability of industrial cycles points to a path of high volatility in trade flows and FX rates.

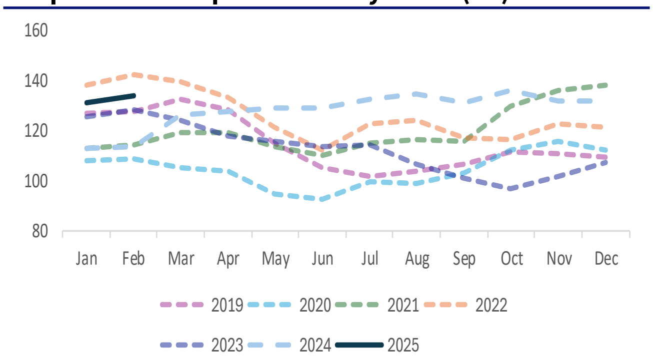
Iron Ore and Steel

Iron ore: Supply at ports hit historic levels in 2024. According to China's General Administration of Customs (GACC), the country's iron ore imports reached an all-time high of 1.24Bt in 2024, remaining above the 1Bt level, which has been sustained annually since 2016. However, more relevant than the absolute volume is the growing diversification of supply sources, with countries such as Peru, Oman and even Laos gradually increasing their participation in the vast Chinese market. Even so, our understanding is that Australia and Brazil will continue to be the main suppliers of iron ore to China in 2025 since they jointly accounted for ~1Bt in 2024. However, as China seeks to reduce its dependence on these two sources, the global iron ore scenario could undergo some reconfiguration.

Iron Ore: Port supply falls for the second week running, but the base remains very high. According to our analysis, global iron ore shipment volumes have remained at high levels throughout 2025. According to our market analysis, iron ore supply at the ports we monitor in China closed the week at ~134Mt (+17.7% vs. 2024). On the other hand, the weekly analysis shows fluctuations, with variations influenced by operational adjustments and logistical challenges. In the last week of February (21-28), shipments showed a slight sequential contraction (-0.8% y/y), with a more subdued level compared to the previous week.

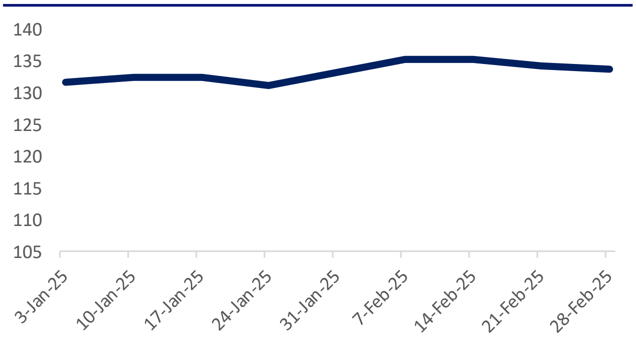
We therefore believe that the recent volatility suggests that, despite the upward trend compared to the previous year and compared to the historical average of the last 5Y (~115Mt) - thus corroborating the relative oversupply in the market - factors such as **(i)** seasonality, **(ii)** climatic events in Australia (cyclone) and **(iii)** strategic adjustments by mining companies, such as Vale, continue to slow down the shipments flow. We believe that this is positive in terms of removing some of the pressure on the prices of the 62% Fe curve arising from excess port inventories.

Graph 1. Iron ore port inventory vs. 5Y (Mt)



Source: Bloomberg, Genial Investimentos

Graph 2. Iron ore port inventory 2025 (Mt)

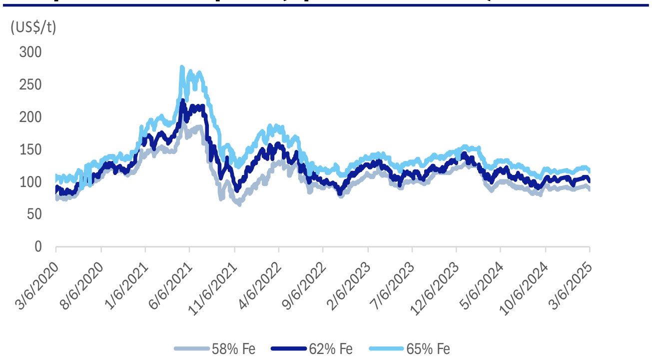


Source: Bloomberg, Genial Investimentos

Iron ore: Prices fall sharply in the face of trade war. The spot price for iron ore fell sharply last week, closing at US$100.1/t (-4.7% w/w). We believe that this movement was mainly driven by market concerns regarding the increase in tariffs on China's exports to the US, with an upsurge in trade tensions. The futures contract for May on the Dalian Commodities Exchange (DCE) closed the week at US$107.3 (-3.2% w/w), also pricing in the downturn in spot prices. Meanwhile, the supply of imported iron ore in China gradually tightened during the week. We understand that impacts persist, relating to delays in shipments from Australia due to the tropical cyclone, amplifying the contraction in iron ore availability.

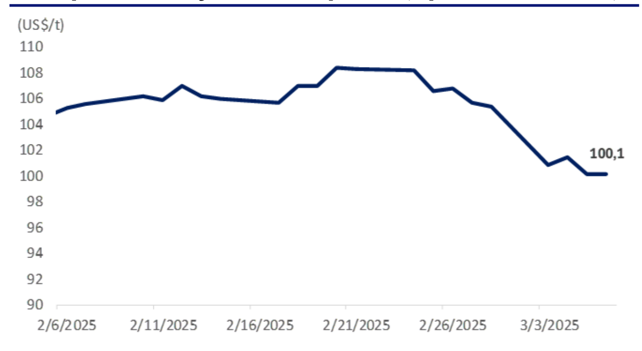
In addition, there is a potential inflationary trigger added to the effects of the new 5% GDP growth target for the coming weeks. We believe that the market may consider that China will increase stimulus throughout the year to reach the target, considering that 2025 could be a more difficult year due to pressures on the trade balance, since exports have sustained part of China's industrial demand. The iron ore market may experience volatility in the face of this news.

Graph 3. Iron ore price (Spot - S&P Platts)



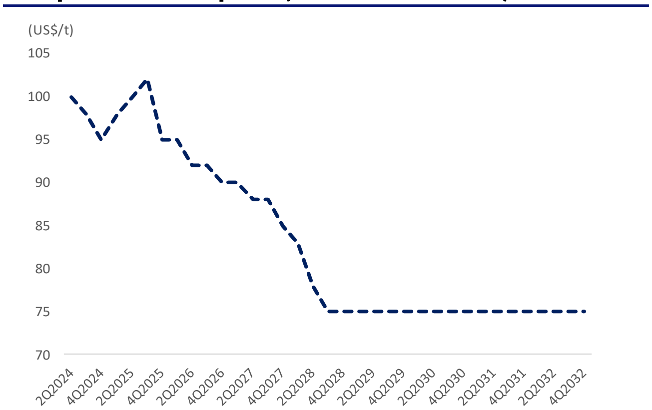
Source: Bloomberg, Genial Investimentos

Graph 4. 30 Days Iron ore prices (Spot - S&P Platts)



Source: Bloomberg, Genial Investimentos

Graph 5. Iron ore price (Genial Est. 24-32E)

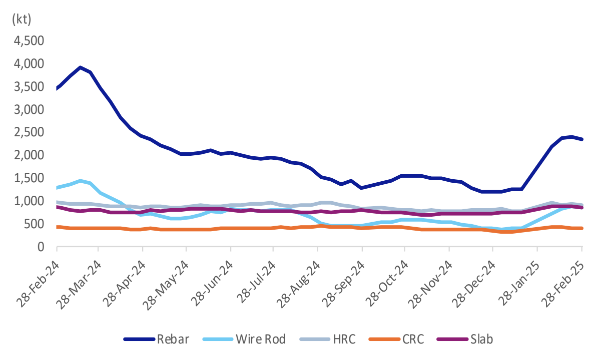


Source: Genial Investimentos

Steel: Reduction in mill yard inventories should boost prices in the coming weeks. Inventories of the five main steel products (HRC, Rebar, Wire Rod, CRC and Slabs) held by Chinese steel mills reached 5.4Mt (-2.0% w/w) last week. We believe that this movement should signal a partial recovery in demand, which had been slack, still considering the winter seasonality and the Chinese New Year holiday. As a result, it is possible that there will be a slight rise in rebar prices in China over the coming weeks. The reduction in total inventories was driven by all 5 products: HRC (-3.1% w/w), Wire Rod (-1.5% w/w), Rebar (-2.2% w/w), CRC (-0.3% w/w) and Slabs (-1.5% w/w) reflecting the normalization of post-holiday consumption. We note that both domestic demand for steel from end users and transactions on the physical market improved steadily compared to last week. Even with falling inventories, we note that HRC export prices remained flat for the 6th consecutive week, at US$472/t FOB (+0.1% w/w).

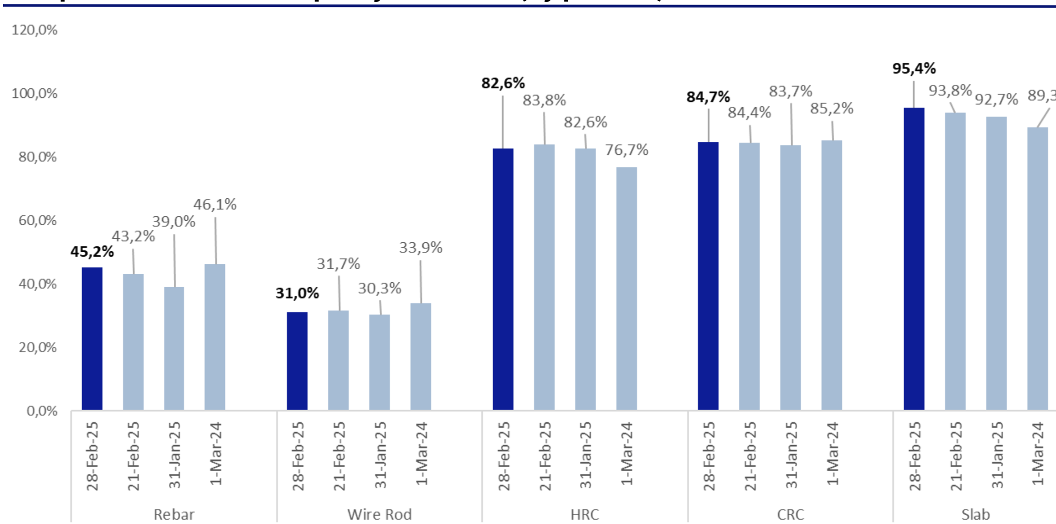
We assess that the orderbook projected by the mills for flat steel should not be so bullish in March, concerned about tariff issues for durable goods that are exported. On the positive side, we note that exporter sentiment was boosted by expectations of possible economic stimulus to be discussed in the next section of the Politburo.

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

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

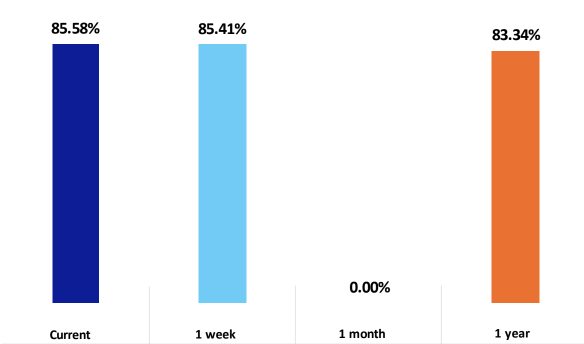


Source: My Steel, Genial Investimentos

Steel: Flat steel mills reduce utilization rate, while rebar production rises. Rebar production among the 137 Chinese mills monitored reached 2.1Mt (+4.9% w/w) in the week to February 28, the highest level in 2M. We believe that this growth reflects the gradual resumption of Electric Arc Furnace (EAF) operations and the reactivation of Blast Furnaces after scheduled maintenance, especially in mills in eastern China. On the other hand, among the 33 flat steel producers we monitor, HRC production totaled 3.2Mt (-1.4% w/w), impacted by the stoppage of rolling mills for maintenance in northern China. As a result, the capacity utilization rate at flat steel mills fell to 82.6% (-1.2 p.p. w/w). In the other segments, the utilization rate of rebar and wire rod mills remained at 45.2% (+2.2p.p w/w) and 31.0% (-0.7p.p w/w), respectively, while CRC and Slabs continued at 84.7% (+0.3p.p w/w) and 95.4% (+1.6p.p w/w), remaining at good levels.

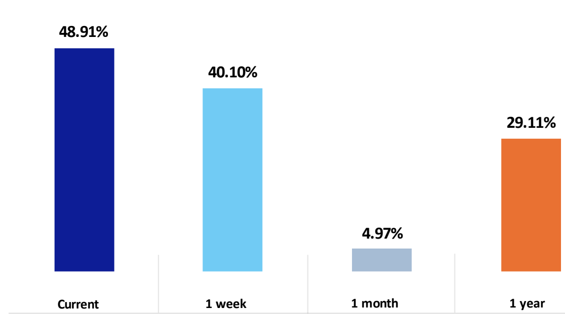
Steel: Blast furnace utilization rate picking up, but still far from ideal. The average utilization rate of the almost 250 blast furnaces we monitor was 85.58% (+0.2p.p w/w), interrupting a downward trend seen in previous weeks. The indicator is still +2.2p.p higher vs. the same period in 2024, reflecting a more accelerated resumption of production compared to last year, when the Chinese New Year holiday took place earlier. On the other hand, electric arc furnaces (EAF) showed a significant increase in their utilization rate, reaching 48.91% (+8.8p.p w/w), as more plants resumed operations after the holiday. Despite the strong weekly increase, the utilization level is still -19p.p lower vs. historical average, indicating that the productive capacity of this segment remains significantly underutilized. This is largely due to the crisis in the real estate sector.

Graph 8. BF capacity % (weighted average)



Source: My Steel, Genial Investimentos

Graph 9. 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**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
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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