genial | Equity Research

Metals & Mining

Behind the Great Wall: Baby steps towards the average

LatAm Metals & Mining

Main takeaways on China:

(i) Attempts by the Chinese government to **acquire unsold properties** for social housing were ineffective, with limited impact on Vanke's liquidity, which continues to be pressured by the downturn in sales and growing financial obligations; **(ii)** TSF advanced +8.2% y/y in February (+0.2p.p m/m), but **demand for credit remains weak**, especially in medium and long-term loans; **(iii)** Sales fell -5.1% y/y YTD, while **launches fell -29.6% y/y YTD**. Despite this, there was a slight recovery in sales (+10% y/y) in the first half of March, with **inventories reduced to 21.5 months** (-1M vs. Dec/24); **(iv)** The **area sold** in the **30 largest cities rose** +84% y/y, although still **below pre-crisis levels** (>400 thousand sqm); **(v)** Vanke faces **challenges** in **selling urban projects** (~¥25bn), with only ~¥10bn of these assets potentially being acquired by Shenzhen Metro. The **high volume** of **landbank** in Tier II and III cities continues to **limit** a solid recovery; **(vi)** Aggressive discounts and **competition** with **the secondary market** contributed to the **fall in used** (-0.34% m/m) and **new** (-0.14% m/m) **property prices**; **(vii) FAI advanced** +4.1% YTD (+0.9p. p vs. consensus), but **investments** in the **real estate sector fell** -9.8% YTD, amplifying the **challenges** for **developers**; **(viii) New launches fell** -21% y/y, but the **sell through rate** of **real estate stock advanced** to 65% (+11p.p y/y), suggesting a **possible reheating of demand.**

Following our series of weekly reports on China, here we present **data on the Chinese real estate market**. This is part of the second report series (with the "From the macro or micro" series being the first), called **"Inside the wall".** This report is for the **4th week of March 2025**, based on data from the week before publication. The purpose of this series of reports is to update investors on the real estate market in China, the most steel-consuming sector in the world, responsible for ~1/3 of China's GDP during the demographic boom years.

As many investors have become accustomed to **following the sector as a thermometer of demand for steel** and, consequently, **iron ore**, we believe that the data and analysis we compile should anticipate the respective impacts on the **Metals & Mining sector**. Market dynamics in China directly affect mining companies, as well as indirectly affecting steel mills in Brazil. Therefore, we believe that this series of reports will be essential for monitoring the sector fundamentals that reverberate 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$ 9.94 (24-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$ 6.38 (24-Mar-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 17.24 (24-Mar-2025)
Target Price 12M: R$ 23.40

CSNA3 BZ Equity
Neutral

Price: R$ 9.96 (24-Mar-2025)
Target Price 12M: R$ 9.50

USIM5 BZ Equity
Neutral

Price: R$ 5.87 (24-Mar-2025)
Target Price 12M: R$ 6.00

China's Real Estate market

Government subsidies and social housing are insufficient to stem the sector's friction. We believe the Chinese government's previous attempts to acquire unsold properties from developers to turn them into social housing have been ineffective, due to the low profitability and strict criteria of municipal acquisitions. This in turn seems to reduce the prospects of a quick solution to the sector's liquidity crisis. Vanke's struggle, for example, to twist unsold properties into cash may continue to wear thin, with most of the potential ¥20bn (~US$2.7bn) of special financing for the purchase of its assets going unused. Finally, we think it is likely that future government measures will have to be more aggressive to prevent further deterioration, especially for large private developers, whose liquidity continues to be threatened by the prolonged downturn in sales and growing obligations to suppliers and uncompleted properties.

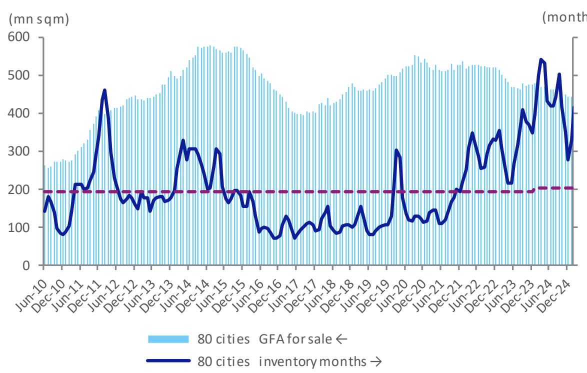
Social financing is growing, but demand for credit is still weak. China's total social financing (TSF) growth rose to +8.2% y/y in February (+0.2p.p m/m), driven by robust government bond issuance. In February, new loans in RMB (¥1.0 trillion) and new TSF (¥2.2 trillion) were below expectations after record levels in January. We believe that weak demand for credit is still evident, especially in medium- and long-term loans, for both corporate and personal use. As we have pointed out in previous analyses, the greatest difficulty in boosting the real estate sector in China is not the supply of credit, but the demand for taking on credit. Strong government bond issuance and commercial note financing are trying to partially offset this weakness by helping the credit impulse to become less negative. But for the time being, we haven't seen any material results from these bond issues.

Months to sell of the homes inventory have slowed, but the outlook remains challenging. The Chinese real estate market remained fragile at the start of this year, with property sales registering a further drop of **-5.1% y/y** (Jan-Feb), interrupting the recovery trajectory seen during 4Q24. New project launches also contracted by a significant **-42.3% y/y** (Jan-Feb), intensifying the slowdown already seen in December. Similarly, investment in the real estate sector fell **-9.8% y/y** (Jan-Feb), reflecting the persistent lack of confidence on the part of developers in a reheated demand.

Despite this adverse scenario, we assess that recent data suggests a **partial recovery in sales**, which advanced by around **+10% y/y** in the first half of March in the country's 30 largest cities, even in the absence of new government stimuli. This upturn was more pronounced in Tier I cities and some strategic Tier II capitals, such as Hangzhou and Chengdu, driven by **(i)** leaner inventories in the primary market - **28.5 months inventory** (-14,3 months vs. Feb/24); and **(ii)** greater dynamism in property sales in the secondary market. Even so, we estimate that **the adjustment in the real estate supply system** relative to demand will continue until **1Q26**, while sales and **investments in the sector** should shrink by -**5%-10%** in **25E**, partially limiting the impact on economic growth - whose official target is around +5% y/y (flat vs. 2024 target).

The total area offered for sale stood at **438.1 million sqm** in January (in the 80 largest cities), and although this is almost stable compared to December, it ended up marking a **drop of -6.0% vs. the peak** we saw in September 2024, when it reached 466.1 million sqm. All subsequent months have been descendent, coupled with government stimuli, by reducing the down payment percentage for properties (for both first and second buyers), as well as cutting the 5Y LPR. As we stated at the time, the reduction in inventories would receive a boost that would last ~3M. Therefore, we believe that the stability shown in the area offered for sale in January vs. December reveals precisely the **accommodation of the destocking pace** resulting from these measures.

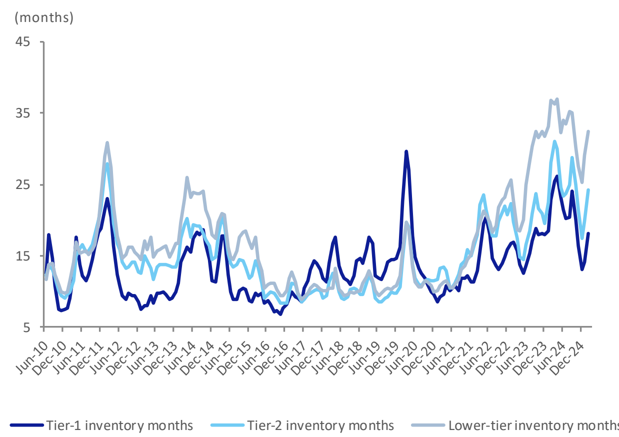
Graph 1. Inventory months- 80 major cities



	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Inventory months	30,1	25,8	22,5	19,0	21,5	25,8
GFA for sale (m sqm)	466,1	453,9	449,0	444,2	443,6	438,1

Source: CRIC, Genial Investimentos

Graph 2. Inventory months-Per Tier

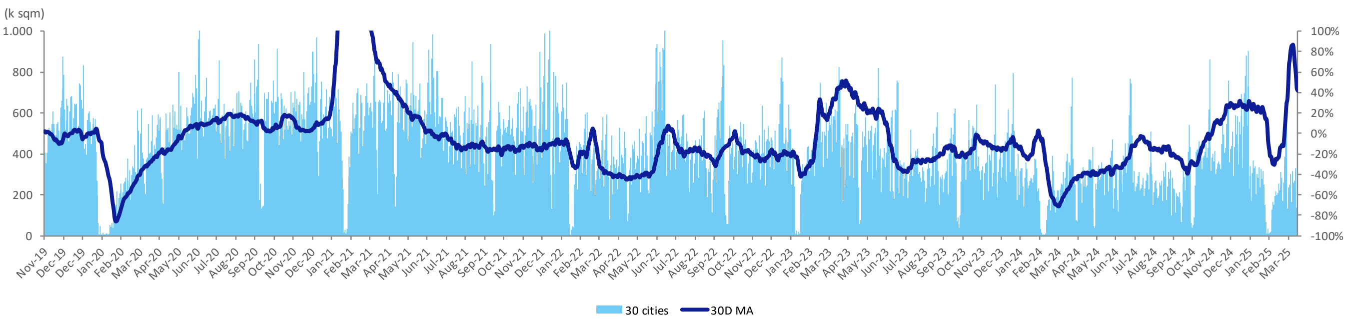


Source: CRIC, Genial Investimentos

Sales recovered vs. last week but were still quite below average levels. In the cumulative moving average of the last two weeks, the total area sold in China's 30 largest cities was **251 thousand sqm** (+17% y/y), indicating a strong recovery from the weaker performance seen in 2024, although it is still well below historical pre-crisis levels (above 400 thousand sqm). This movement signals that, despite the persistent fragility of the real estate market, there are incipient signs of stabilization, especially in the more dynamic regions, with a smaller inventory of new properties and subject to government stimulus - Tier I cities.

Looking at the metric by number of units sold, in the accumulated weekly figures, sales of primary residences in China's 70 largest cities totaled **33.1 thousand units**, representing an advance of **+6.0% y/y**, following the recovery trend observed in recent weeks, with sales rising since the beginning of February. However, we note that the sharpest drop in the week (-25% y/y) seems to reflect a previous figure that was momentarily closer to the historical average at the start of the year. Although this movement signals a partial upturn in real estate activity, the sales volume remains below the historical average for the period, highlighting that the process of stabilizing the sector is still underway and at a slow pace.

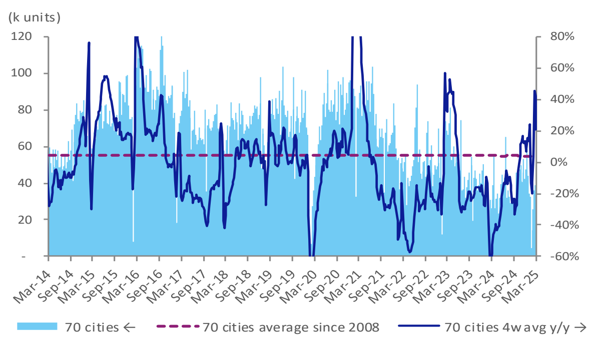
Graph 3. Daily sales of primary housing (30 major cities)



	5-Mar-25	6-Mar-25	7-Mar-25	8-Mar-25	9-Mar-25	10-Mar-25	11-Mar-25	12-Mar-25	13-Mar-25	14-Mar-25	15-Mar-25	16-Mar-25	17-Mar-25	18-Mar-25	Average
GFA sold (000 sqm)	248	258	302	163	149	316	236	260	269	330	219	136	297	328	**251**
Daily YoY	36%	36%	36%	-14%	-32%	145%	51%	16%	15%	30%	-12%	-56%	53%	92%	
30D MA YoY	71%	79%	83%	86%	83%	87%	84%	76%	68%	62%	55%	44%	42%	42%	

Source: Wind, Genial Investimentos

Graph 4. Weekly primary housing sales (70 major cities)



	10-Feb	17-Feb	24-Feb	3-Mar	10-Mar	17-Mar
Units sold	14.409	25.477	36.105	38.818	29.121	33.392
Weekly YoY	2%	202%	47%	22%	11%	6%

Source: CRIC, CREIS, Genial Investimentos

Some urban projects are struggling to sell due to their low profitability. Using Vanke again as an example, we believe that the developer is facing significant difficulties in selling its urban renewal projects in Shenzhen, which total around ¥25bn (~US$3.5bn). Despite Shenzhen Metro's initial commitment to acquire up to ¥10bn worth of these projects by 2024, practical issues have hampered progress on the plan. Such urban projects are seen as problematic due to **(i)** the long development cycle, **(ii)** heavy investments, and **(iii)** potentially low returns in the short term. They account for almost 1/2 of Vanke's landbank in Shenzhen and, by 2023, the projects were in the early stages or completely stalled.

In addition, ~2/3 of Vanke's landbank is in medium and small cities (Tier II and Tier III), which suffer from a quite elastic oversupply of ready and unsold homes and weak demand, making a sustainable recovery difficult to be obtained. Tier I cities, which could benefit from a strengthening of support measures for the real estate sector, represent only 11% of the developer's landbank. This is something we commonly see in private developers, who generally have less than 25% of their landbank in Tier I cities. Larger cities, on the other hand, usually have more prominent operations by state-owned developers.

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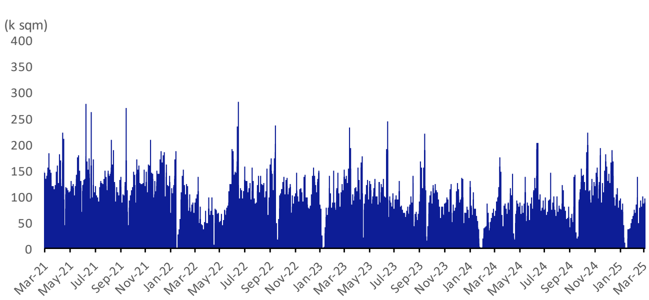
The floor area sold roses for all tiers last week, corroborating the positive seasonal trend already expected. The area sold in the 3rd week of March expanded, reinvigorating the historically positive seasonality for the period (after the Chinese New Year holiday until mid-year). In **Tier I** cities, the daily average was **85 thousand sqm** (+38.0% y/y), significantly below pre-crisis 2020 levels, when sales reached ~250 thousand sqm per day at the start of the year (below 3x the current level). In **Tier II** cities, the average area sold was **119 thousand sqm** (+49% y/y). In **Tier III** cities, the daily average reached **58 thousand sqm** (+11% y/y), reflecting a weaker and less dynamic market. As we have commented in other reports, Tier I cities have more resilient sales. Therefore, weeks of recovery should be seen more often and possibly more prominently in larger cities, compared to small and medium-sized cities.

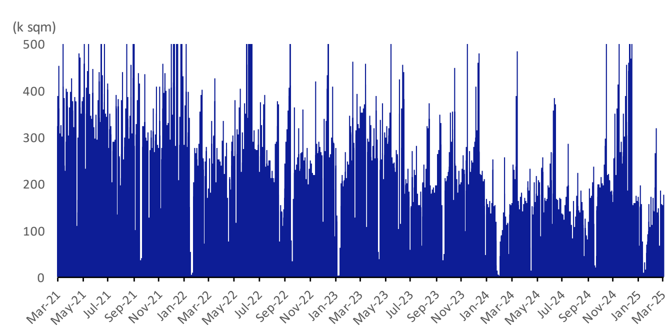
Graph 5. Daily sales of primary housing GFA (Tier 1)



	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	Average
GFA sold (000 sqm)	100	87	55	89	95	**85**
Daily YoY	76%	35%	-29%	40%	68%	**38%**

Source: Wind, Genial Investimentos

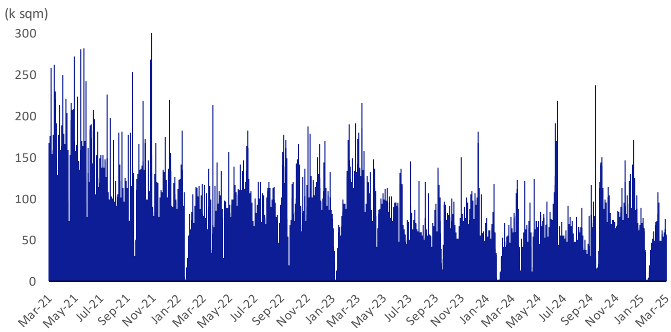
Graph 6. Daily sales of primary housing GFA (Tier 2)



	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	Average
GFA sold (000 sqm)	156	69	38	155	177	**119**
Daily YoY	0%	-52%	-76%	124%	251%	**49%**

Source: Wind, Genial Investimentos

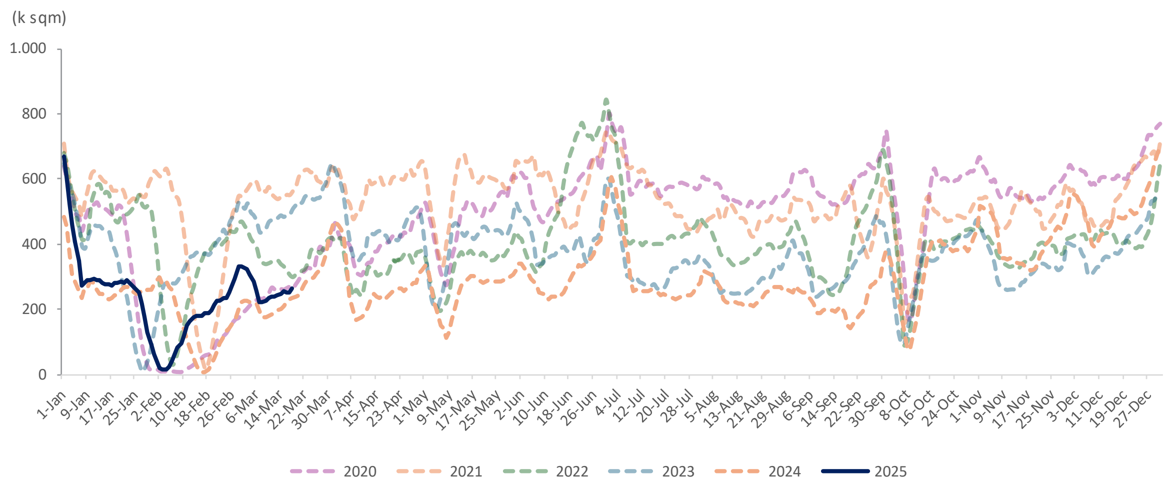
Graph 7. Daily sales of primary housing GFA (Tier 3)



	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	Average
GFA sold (000 sqm)	74	63	44	53	56	**58**
Daily YoY	77%	46%	-43%	-13%	-13%	**11%**

Source: Wind, Genial Investimentos

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



	8-Mar	9-Mar	10-Mar	11-Mar	12-Mar	13-Mar	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	Average
GFA sold (000 sqm)	163,1	148,8	316,4	235,9	260,3	268,9	330,4	218,8	136,3	296,7	328,3	**246**
Daily YoY	-14%	-32%	145%	51%	16%	15%	30%	-12%	-56%	53%	92%	
7D MA YoY	26%	27%	33%	30%	27%	23%	22%	21%	13%	8%	12%	

Source: Wind, Genial Investimentos

The secondary housing market continues to influence falling new home prices. We also found that average sales prices are also facing additional pressure due to aggressive discounts. As we have commented several times in sector reports, the discounts are linked to new real estate launches competing with the secondary housing market. Potential buyers are reluctant to buy properties that are still under construction. As demand is weak all across the board, the owners of properties that are ready and are being resold on the secondary market end up applying discounts and attracting buyers, further **removing the flow of demand for homes being built by developers**.

Furthermore, the potentially catalytic targeting of ¥300bn in subsidies seems not to have had the desired effect for the Chinese central government, since only 9% has been used by 2024. Such initiatives to acquire unsold properties have been inefficient due to the low profitability of projects converted into affordable housing, which limits the expectation that these programs will significantly benefit developers' liquidity.

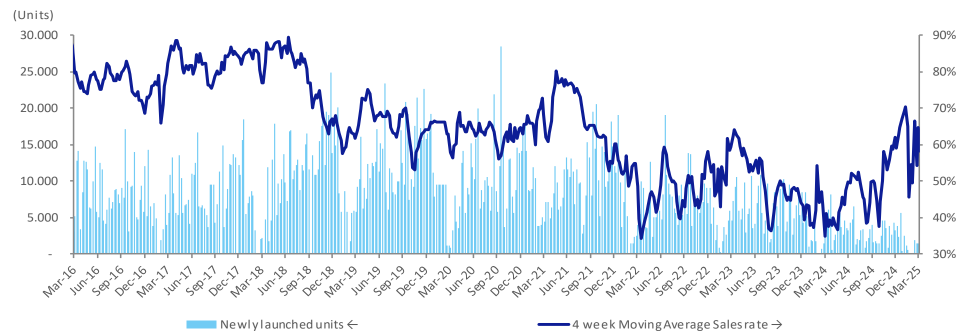
February data extends the downward trend in property prices. The Chinese real estate market showed a significant deterioration in prices in February, with sequential declines in 65 of the 70 cities surveyed for used properties (-0.34% m/m), as well as a deeper slowdown in prices for new homes (-0.14% m/m). We believe that this reinforces the need for additional demand stimuli from the government in 2Q25, with prospects for stabilization only in 4Q25 or 1H26. The critical situation of Vanke, one of China's top five private developers, exemplifies this crisis. The developer faces a financing deficit estimated at ¥50bn (~US$6.8bn), and measures such as asset sales and debt issuance seem insufficient to reverse the sharp drop in contracted sales, which could fall as much as -¥64bn in 25E (-26% y/y vs. -14% y/y consensus), the lowest level since 2012. Transparency in data releases has also been compromised, increasing uncertainty. Vanke had been releasing monthly sales data consistently since its IPO in Hong Kong in 2014. Therefore, the recent suspension of these monthly contracted sales disclosures (for example, January and February were not disclosed) may reflect a weakening in the company's transparency into the market.

FAI exceeds expectations, but challenges persist in the real estate market. Fixed asset investment (FAI) in China totaled **¥2.7 trillion YTD** (Jan-Feb), reaching **+4.1% YTD** (+0.9p.p. vs. consensus), beating market expectations. However, investments in the **real estate sector** fell by **-9.8% YTD** (-0.9p.p. vs. consensus), totaling ¥1.1 trillion. Specifically in the residential segment, investments amounted to ¥805bn, down -9.2% y/y YTD. Total real estate sales fell -5.1% YTD, although they advanced +7.8% y/y. The slowdown in residential sales was less intense, falling by just -3.4% y/y, a significant improvement of +10p.p vs. the start of the year. On the other hand, the **housing inventory** reached **~799 million sqm**, amplifying the market's challenges and reinforcing the oversupply.

Despite the still adverse scenario, the Chinese real estate market climate index advanced for the eighth consecutive month, reaching **93.8** in Feb/25 - signaling a slight improvement in the perception of the sector, although still below the neutral level of 100. On the positive side, infrastructure investment grew by **+9.9% y/y YTD** (+2.4p.p. vs. December), while equipment purchases, driven by government subsidies, advanced significantly to **+18% y/y YTD** (+4.0p.p. vs. December), consolidating its position as the main driver of the FAI recovery. Finally, investments in the manufacturing sector also improved, in contrast to the persistent weakness in the real estate sector.

Real estate launches in decline, but with signs of relief in early March. New real estate launches remain far from the levels seen at the peak of 2019, showing still moderate activity in the primary market. In the 2nd week of March, **~1,600 new units were launched** (-57.0% y/y), reinforcing the perception of a **slow recovery in the sector**, with many plots acquired since 2023 still not making significant progress on the construction site. For us, this scenario highlights the still excessive supply of unfinished properties on the primary market, keeping the migration of demand to the secondary market as a relevant trend. On the other hand, the sell-through rate (Sales over Supply) improved, reaching **58%** (+17p.p y/y), which may reflect a possible subsequent increase in primary launches due to the higher rate of conversion into effective demand.

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



	19-Jan-25	26-Jan-25	02-Feb-25	09-Feb-25	16-Feb-25	23-Feb-25	02-Mar-25	09-Mar-25	16-Mar-25
Weekly new launch (units)	1.213	566	175	152	153	1.930	1.482	1.454	1.636
Sell-through rate	70%	65%	46%	55%	50%	66%	54%	65%	58%

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

Source: CREIS, 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	**38.306**	**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%

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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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