

Metals & Mining

From Macro to Micro: The Empire Strikes Back

LatAm Metals & Mining

Main takeaways on China:

(i) China raises tariffs to 125% on U.S. products (vs. **84%** previously), after the U.S. increased duty from **54% to 145%** in just one week; the escalation raises risks and **undermines U.S. consumer confidence to its lowest level since 1981**; **(ii) China's retaliation reinforces the economic decoupling trend.** We assess that China had already been working on trade diversification and supply chain expansion; the government is injecting up to **¥4.4 trillion (~US\$605bn)** in bonds to boost consumption and infrastructure; **(iii) To stimulate domestic demand, the government may adopt measures such as LPR cuts of -20-40bps, a +1.5p.p. increase in the fiscal deficit, and labor reforms to reduce unemployment**; **(iv) The tariff impact falls on the U.S.: the USD weakens vs. other currencies, gold hits record highs, and treasuries rise amid capital outflows. A FED study estimates that each +1p.p. tariff reduces U.S. GDP by -0.14% and raises the PCE core by +0.09%. Trump's approval rating drops to 43% (-5p.p. in 1 week), with 55% disapproving of his inflation management**; **(v) China's CPI remains negative in March (-0.1% y/y); PPI declines to -2.5% y/y**; **(vi) Iron ore port inventories fall to 125.3Mt (-0.5% w/w; -7.5% vs. Feb/25)**; **(vii) The 62% Fe benchmark spot price falls to US\$98.2/t (-5.8% vs. Apr 1), with Jun/25 futures at US\$103.7/t (-1.5% w/w); the backwardation curve reinforces downside risk. We revise the 2025E average price to US\$94/t (vs. US\$99/t), with further cuts to 2Q25E (US\$90/t), 3Q25E (US\$94/t) and 4Q25E (US\$89/t)**; **(viii) Steel inventories totaled 4.7Mt (-2.0% w/w); wire rod and rebar fall -7.5% w/w and -1.2% w/w, respectively**; **(ix) Blast furnace utilization rises to 89.6% (+0.5p.p. w/w; +6.0p.p. y/y), the highest level since mid-2024; steel mill margins in China improve with a -11% m/m drop in metallurgical coal and steel price hikes of up to +US\$50/t.**

This is another edition of our **weekly report** on the **Metals & Mining** sector, focusing on Macroeconomics in China, market sentiment, Iron Ore and Steel data. This week's series is part of the "From macro to micro" sequence. This report refers to **week 2 of April 2025**. In this report we mention about **(i)** how China fought back against the tariffs in the context of **escalating trade war tensions** with the Trump administration.

In addition, we comment on **(ii)** steel and iron ore data, inflation (CPI and PPI) and **(iii)** how **China could reduce its dependence on exports and increase domestic consumption** in order to be less affected by the tariffs. Given the more pressured environment for iron ore demand (trade war and crude steel capacity cuts in China), **we have revised our 62% Fe iron ore projection curve downwards**. This revision was also commented on in **Vale's 1Q25 Operational Preview report**, which is attached ([Vale- Between Rains and Tariffs](#)), generating a **Price Target cut to US\$10.50** for the **ADRs-NYSE** (published last week).

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Companies

VALE US Equity
Buy

Price: US\$ 10.10 (11-Apr-2025)
Target Price 12M: US\$ 10.50 (NYSE)

VALE3 BZ Equity
Target Price 12M: R\$ 61.50 (B3)

CMIN3 BZ Equity
Neutral

Price: R\$ 5.81 (11-Apr-2025)
Target Price 12M: R\$ 5.75

GGBR4 BZ Equity
Buy

Price: R\$ 14.68 (11-Apr-2025)
Target Price 12M: R\$ 23.40

CSNA3 BZ Equity
Neutral

Price: R\$ 8.63 (11-Apr-2025)
Target Price 12M: R\$ 9.50

USIM5 BZ Equity
Neutral

Price: R\$ 5.42 (11-Apr-2025)
Target Price 12M: R\$ 6.00

Market Sentiment and Policy Updates

The Empire Strikes Back: China retaliates once again and raises the tone against the US. The morning of **April 11** the Chinese central government announced more tariffs on any US goods, which will reach **125%** (vs. 84% previously), in response to the rapid escalation of tariffs imposed by the US (from **54%** to **104%** and then **145%**, in a single week). We believe that this represents a critical point in the **current trade war** between the world's two largest economies. Such a move significantly accentuates the risks of a deep rupture in **production chains**, which is clear from the **rapid deterioration** in **US consumer confidence**, whose **inflation expectations have jumped to the highest level since 1981**.

The Chinese retaliation, described by China as a necessary reaction to “**unilateral intimidation**” promoted **by the US**, reinforces the perception of an imminent **economic decoupling if there is no negotiation**, with extreme impacts expected, such as a **drastic reduction** in **bilateral trade** (close to zero). On the other hand, we believe that China will possibly demonstrate remarkable strategic resilience, based on years of preparation for this dispute, through **(iv) diversification of trade relations** with Europe and Southeast Asia; **(v) technological strengthening**; **(vi) expansion of production chains** to other emerging markets; and **(vii) possible monetary injection** to boost investment, since local municipality governments have issued up to **¥4.4 trillion** (~US\$605b) in treasury bonds - as we commented at the beginning of the year - mainly to finance development projects and programs to stimulate domestic consumption (we explore the use of resources further down), making **China more prepared to withstand** a prolonged trade war by reducing its dependence on export to US market. As a counterpoint, in 2024 **exports** represented **~1/3 of China's GDP**. So, although to diversify trade flows and improve domestic consumption is possible, **it's a long way to go**.

What can China do to stimulate domestic consumption? To increase the effectiveness of China's strategy in resisting the force extent applied in tariffs by the Trump administration, the central government needs to be able to effectively stimulate the domestic economy, purging the deflationary spiral that we are seeing in data such as CPI and PPI. To do this, we evaluated possible strategies:

(i) government subsidies for nurseries and schools, removing the burden on the family budget of paying tuition fees for education, **(ii)** expanding **income distribution platforms**, applying processes such as “Helicopter Money”, going beyond the current “cash for clunkers”, **(iii)** cutting the **1Y and 5Y LPRs interest rates** by **-20-40bps** between **Apr-May**, in addition to the compulsory rate (RRR). We believe that the total cut could be as much as -60bps in 2025, with the 5Y LPR reaching 3% (vs. 3.6% currently), **(iv)** increasing the **fiscal deficit** by **+1.5p.p** vs. level of 4% of GDP 25E that we initially expected; **(v)** exert more pressure on increasing the (currently slow) pace of **real estate destocking** by using more LGFVs; **(vi)** **reforms in the labor market**, such as implementing rules for adjusting the minimum wage (non-existent today) and improving the social security contribution system, freeing up space for consumption. Both factors would help to reduce negative sentiment towards the unemployment rate.

The US should weaken its position in the face of the counterproductive tariffs' effects. The scenario is further aggravated by the continued **(i)** depreciation of the USD vs. of other currencies basket; **(ii)** the rise in gold price to historic highs; and **(iii)** the sharp increase in US treasury yields, clearly indicating a capital flight of investors from US assets. In addition, our predictive model, based on FED studies carried out in 2018 (during Trump's first term), suggests that each **+1p.p. increase in import tariffs** would result in a **-0.14%** fall in US **GDP** and a **+0.09%** rise in core **PCE** prices (usually more closely monitored by the FED than the CPI itself). Also considering the upcoming midterm elections in 2026 in the US and our estimates of the “stagflationary” effects of the current trade war, we believe that the **Trump administration could face a reduction in its bargaining power with China** by the end of this year.

A sentiment poll promoted by YouGov (and subsidized by The Economist), carried out recently (collected between April 5-8), reveals the growing popular weariness of the Trump administration, especially in relation to its economic and tariff policy. **Trump's administration approval rating has fallen to 43%** (-5p.p. in 1 week), with **51% disapproval**, reflecting a significant drop among his own 2024 voters. Economic performance appears to be the focus of dissatisfaction: **55% disapprove** of actions against inflation and **52% reject the imposition** of minimum **tariffs** of 10% on all imports, a measure that generates strong expectations of price increases and international retaliation.

China

Macroeconomics

CPI: deflation persists, and consumption remains weak. China's Consumer Price Index (**CPI**) - released by the NBS (09/Apr) - remained in deflationary territory **in March**, registering **-0.1% y/y** (-0.1p.p. vs. BBG consensus), reflecting the persistence of **disinflationary pressures**, albeit cooled vs. last month (-0.7% y/y in February). The easing of the deceleration pace reinforces our perception that even in the face of weak domestic demand, which is an obstacle to economic recovery, China saw **advances** in retail sales and **manufacturing activity** year-on-year. However, in the sequential comparison, the **-0.4% m/m** drop surpassed the -0.2% m/m drop in February, indicating that **(i) household consumption** remains **subdued** amid a worsening labor market and **(ii) the escalation of trade tensions** with the US exacerbates the **risk of accumulating domestic inventory**, with an additional downward impact on prices.

Although the central government has signaled a willingness to intensify stimuli demand - including loosening consumer credit and possible tax subsidies - we think that the current policy configuration still favors the oversupply scenario, limiting the potential for inflationary reversals in the short term. We believe that additional incentives should reach **~¥1.5 trillion** (~US\$205bn) to generate enough triggers to reduce excess domestic supply.

PPI: industrial deflation intensifies, and margins deteriorate. On the wholesale side, the Producer Price Index (PPI) - released by the NBS (also 09/Apr) - accentuated its negative bias, with a contraction of **-2.5% y/y** (-0.2p.p. vs. BBG consensus) in March vs. **-2.2% y/y** in **February**, amid **(i)** the fall in commodities prices and **(ii)** lower seasonal demand for energy. We believe that a deflation in the level of factory prices does not signal a tightening in all industrial segments, since we have already pointed out that margins in some sectors, such as steel mills, continue to recover.

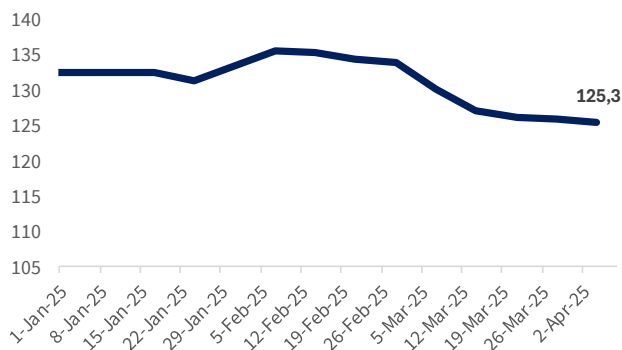
However, sectors exposed to the export chain - explained by exogenous shocks - are now facing a perfect storm: **(iii) external demand squeezed** by retaliatory US tariffs and **(iv) a reduction in international input prices**, such as oil, putting pressure on future inflationary expectations. Delving deeper into insights, we see that the recent departure of winter weather in northern China has contributed to the seasonal drop in energy prices, accentuating the pressure on industrial output prices as well. According to our analysis, it is possible that the **PPI contraction will deepen** in **2H25**, as the impact of trade tariffs and the global slowdown consolidates, leading some **producers to reduce prices to absorb inventory and preserve market share.**

Iron Ore and Steel

Iron Ore: Inventories further downtrend with supply tightening and resilient demand. Iron ore inventories at the 45 main Chinese ports ended the 1st week of April at 125.3Mt (-0.5% w/w), marking the 8th consecutive week of decline and accumulating a retraction of -7.5% vs. Feb/25. We believe that this movement reinforces the trend of gradual emptying observed throughout 1Q25, reinforcing the pressure for convergence in relation to the historical average of the last 5Y (+2.9% vs. historical average). On the **supply** side, we saw **successive contractions** in **global iron ore production** throughout March, reaching -6.4% m/m, according to the latest data. We believe that this compression continues to be linked, above all, to **(i) severe weather disruptions in Australia** - such as the cyclones that impacted export operations on the west coast - with losses estimated at up to **-13Mt**, according to **Rio Tinto**. At the same time, **(ii) Chinese domestic production** also contributed to the **lower supply** environment, falling to 157.2Mt the end of March, full year review (-14.1% YTD), a movement that **accentuated** the **mismatch** in the face of still resilient demand.

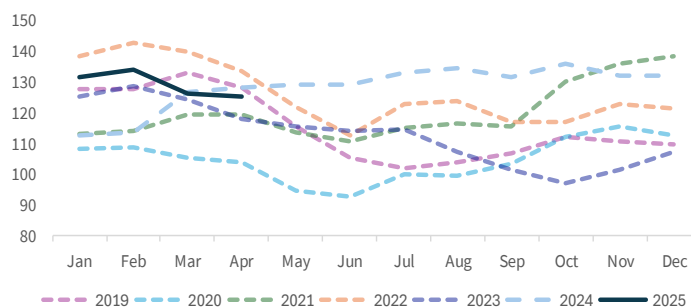
And talking specifically about demand, average crude steel production in China **rose** to **2.8Mt/day** in Feb/25, totaling **166.3Mt** in the year to date (+5.1% y/y), signaling a **recovery** in **some downstream activity**. **(iii)** Steel mills are operating with **blast furnaces** close to **90% utilization**, which has sustained iron ore consumption, while **(iv) the price correction on the 62% Fe curve** - with the Singapore contract closing the week of **April 4** at **US\$101.7/t** (-2% m/m) linked to the anticipation of orders to the detriment of the probable escalation of the US-China trade war - **favored tactical inventory repositing** movements by the mills, contributing to the sharp downturn vs. 2024 (-3.0% y/y) - the year of the 2nd highest relative peak in inventory in the last 5Y.

Graph 1. Iron ore port inventory 2025 (Mt)



Source: Bloomberg, Genial Investimentos

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



Source: Bloomberg, Genial Investimentos

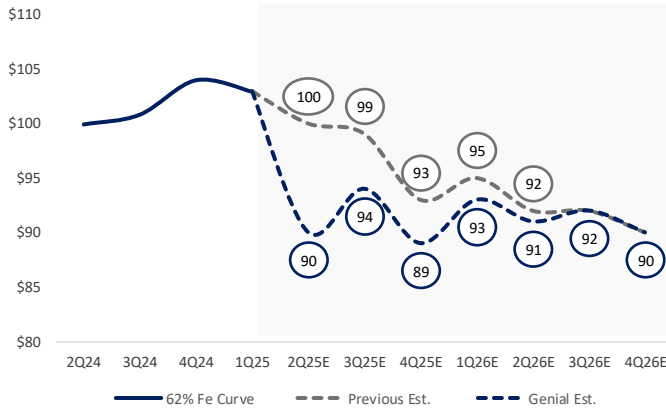
Iron ore: Macro pressures and trade war knock prices below US\$100/t. After registering a slight one-off recovery at the beginning of April, prices for the 62% Fe benchmark have fallen back sharply in recent days. The spot price for iron ore stood at **US\$95.2/t (-5.8% vs. April 1)** on the Dalian Commodities Exchange (DCE), reaching the lowest level since January. We believe that the significant correction was driven by a combination of factors: **(i)** increased expectations of a global recession, which reinforces the prospect of lower demand for commodities after the broad package of tariffs to be applied by the Trump Administration in several countries (Liberation Day); **(ii)** the worsening of the trade war between China and the US; and **(iii)** the intensification of the realization movement after the technical peak of **US\$104.1/t** at the beginning of the month.

On the DCE, futures contracts for **May/25** closed at **US\$103.7/t (-1.5% w/w)**. The recent drop took prices back below the **US\$100/t** line, setting up a **backwardation** scenario on the 62% Fe curve, with the futures market projecting prices for **2H lower than the spot** - a direct reflection of the **bearish bias** looking ahead to the coming months. In addition, the deterioration in the external environment became more evident with the **US retaliatory tariffs against China on April 10**. The Trump administration reported that the tariffs reached **145%** vs. initially 54% (**125%** announced on April 9 + **20%** for the two tariff transfers until March) -, heightening tension and impacting expectations for global trade. In the short term, we expect the trade war to **(i)** restrict the Chinese exports volume of manufactured goods, **(ii)** force the disposal of domestic steel surplus via lower prices and, consequently, **(iii)** reduce the need for iron ore imports.

Iron Ore: 62% Fe curve revised again. Average 25E falls to US\$94/t. The external environment remains unstable, with new tariffs of +25% on steel and aluminum imposed by the US, as well as **tariffs of 125% on all Chinese products** (announced last week by the Trump administration, after China's second retaliation), which adds volatility to the market. We have lowered our **average price projection for 2025E to US\$94/t** (-5% vs. previous Est.) and lowered our average price projection for 2026E to US\$91/t (-2.2% vs. previous Est.). Although we have cut the forecast for this year and the next, given the potential loss of demand from the Chinese industry with exports, we assess that the **62% Fe curve** will remain sustained by the **global marginal cost** in the range of **US\$80-90/t**, with some implied volatility.

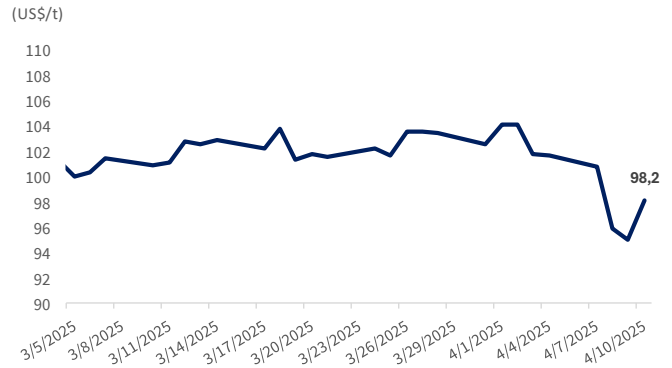
Looking at the specific figures, **2Q25E** has moved to **US\$90/t** (vs. US100/t previously), even with more favorable steel data observed over the past few weeks, as we are trying to capture the speculative effect of reduced demand linked to tariffs. The spot price of the 62% Fe benchmark has fallen sharply in recent days, reaching US\$95.1/t (-6.5% in the last 4 days), quoted on the Dalian Commodities Exchange (DCE). On an ongoing basis, we **lowered** our **3Q25E** estimate to **US\$94/t** (vs. US\$99/t previously) and **downgraded 4Q25E**, now coming in at **US\$89/t** (vs. US\$93/t previously), reflecting the deflationary sum of two factors: **(i) favorable weather conditions** for production typical of the 3Qs, which **tends to raise the shipments level** in the **4Qs**, increasing supply throughout the 2H; and **(ii) expected cooling in steel demand**, due to **the impact of tariffs on China's trade balance**, in addition to **capacity cuts in old steel mills** promoted by the Chinese central government (-45Mt Genial Est. reduction in i.o. seaborne demand over the next 12M).

Graph 3. 62% Fe curve (Genial Est. vs. Previous Est.)



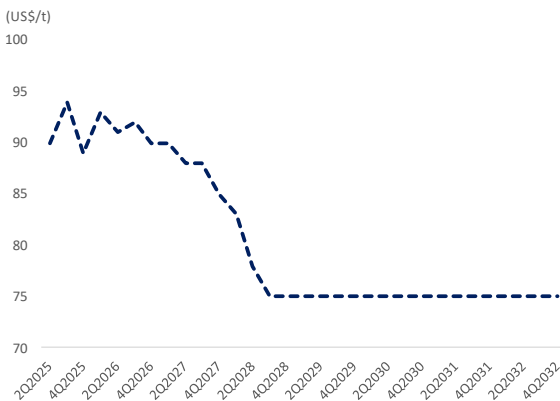
Source: Genial Investimentos

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



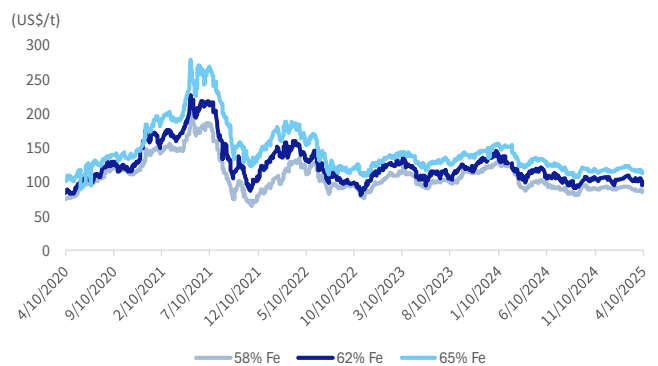
Source: S&P Platts, Genial Investimentos

Graph 5. Iron ore price (Genial Est. 25-32E)



Source: Genial Investimentos

Graph 6. Iron ore price (Spot - S&P Platts)

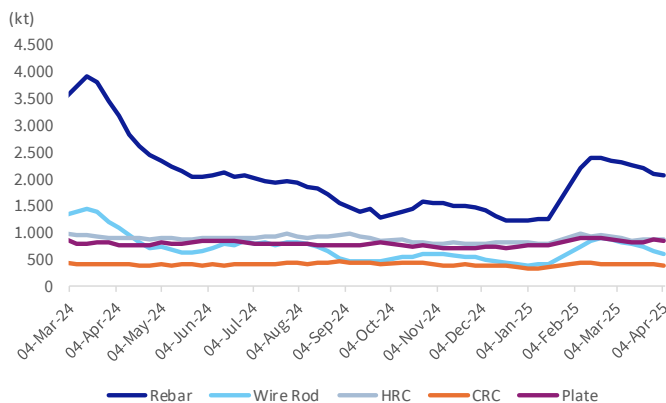


Source: S&P Platts, Genial Investimentos

Steel: Inventory continues to fall in mill yards. Total inventory of the 5 main by-products at monitored steel mill yards reached **4.7Mt** in the first week of April (-**2.0% w/w**), marking the 6th consecutive drop and confirming the destocking trend that began in mid-February. The movement reflects the combination of (i) seasonally stronger domestic demand and (ii) growing restrictions on the supply side. On the **demand** perspective, the traditional construction acceleration cycle - known as “Golden March, Silver April” - continued to boost domestic consumption of long products, especially **rebar** and **wire rod**, whose inventories fell by **-1.2% w/w** and **-7.5% w/w**, respectively. In Beijing, for example, **inventory** of building materials fell **-6.7% m/m** up to April 8, signaling **greater activity** in regional steel distribution segment. In addition, the **stocks of HRC** fell by **-2.4% m/m** in the same period, adding to the **-2.1%** drop in **internal mill inventory**, corroborating the **continued volumes outflow**.

On the **supply** side, we saw the start of **selective production cuts** by **mills**, in line with the **Chinese government's guidelines** to limit production capacity by 2025. A relevant example is the **Xinjiang** region, where local mills have begun to reduce **daily crude steel production** by **-10%** since **March 24**. In addition, **scheduled maintenance** and **technological adjustments** have continued to delay some steel production over the last few weeks.

Graph 6. Steel mills inventory (130 major cities)



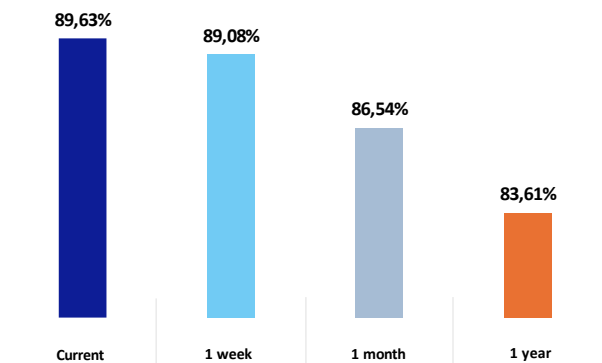
Source: My Steel, Genial Investimentos

Steel: Blast furnace utilization rate rises for the 6th week in a row. The utilization rate of **Blast furnaces (BFs)** in China **rose** for the **6th consecutive week**, reaching **89.6% (+0.5 p.p. q/q; +6.0 p.p. y/y)**, according to our market analysis. This is the **highest level** since mid-2024, reflecting the **normalization** of operations after scheduled maintenance and the production resumption the face of the marginal improvement in demand for the mills, which are seeing gentle increases in margins. The rise in utilization rates comes in the wake of the seasonal upsurge in industrial activity, especially in the seasonally expected **construction** and **manufacturing sectors**.

The heated demand has led several mills to resume full production. In addition, **positive adjustments** to steel price lists by players such as Angang and Bensteel (with increases of up to +US\$50/t for May) signal **expectations** of **improved profitability**. With prices recovering and costs falling - especially metallurgical coal (-11% m/m) - there is a prospect of **industrial margins expanding** between Apr-may, after a long period of compression.

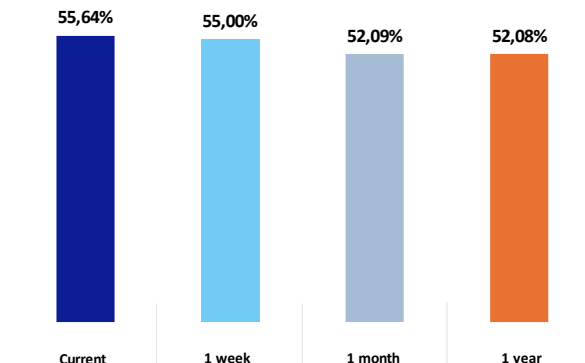
Despite the Chinese government's directive to restrict crude steel production by 2025, the **controls continue to be implemented gradually**. The official stance from the National Development and Reform Commission (NDRC) - released on March 14 - reinforces this guideline, although still without clear quantitative targets. For now, we believe that **the expectation of future restrictions** has led mills to **bring forward their production**, taking advantage of the current moment of greater profitability. This helps explain the more prominent acceleration pace we are seeing in utilization rates.

Graph 8. BF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

Graph 9. EAF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

Steel: Utilization rate of EAFs also rises. In the electric arc furnace (EAF) segment, the utilization rate remained stable at **55.6%** (+0.6p.p. q/q; +3.6p.p. y/y), reflecting the partial reactivation of mini mills after the holiday. However, the level is still +16.9p.p. vs. historical average, pressured by narrower operating margins and lower competitiveness compared to BFs, especially in the current context of **uncertainty in the residential real estate sector**. We believe that the recent increase in utilization rates reflects a natural response by the mills **(i) to the cyclical improvement in demand** and **(ii) to the momentary relief in the mills' profitability conditions**, but its **sustainability** will depend on the **(iii) pace of recomposing of cut-out orders** and the **(iv) implementation of supply control policies** over the coming months.

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%

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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