genial Equity Research

Metals & Mining

From Macro to Micro: High tariffs, short flight

LatAm Metals & Mining

Main takeaways on China:

(i) CPI remains in deflation: -0.2% m/m and -0.1% y/y, driven by food and fuel. Core inflation stable and services heated (+4.6% MoM); **(ii) PPI in sharp decline:** -0.4% m/m and -3.3% y/y, reflecting weak industrial demand; **(iii) Exports disappoint consensus:** +4.8% y/y (-1.2p.p. vs. BBG consensus), with a sharp drop to the US (-35%) and a slowdown in front-loading movements. Gains in the EU and ASEAN did not offset this; **(iv) Imports fell -3.4% y/y:** a decline driven by industrial inputs and high coal stocks. Lower iron ore and copper imports confirm industrial contraction; **(v) Trade surplus:** +US$103.2bn (+7.3% y/y), with a sharper decline in imports sustaining the positive balance; **(vi) 62% Fe ore with a decline in inventories due to logistical adjustments:** ports recorded 123.4Mt (-0.5% m/m), lower cargo arrivals and still weak domestic demand from mills; **(vii) Reference price for 62% Fe falling:** US$94.8/t (-1.3% w/w), with mills prioritizing cheaper blends and putting pressure on the average quality curve; **(viii) Steel stocks in mill yards fell marginally:** 4.3Mt (-0.1% w/w), with destocking slowing due to weak domestic demand. Exports avoided further accumulation but fell -4.2% m/m in May 2025; **(ix) Growing risks to steel exports:** new US tariffs (+50% on crude steel), anti-dumping measures in South Korea against Chinese steel, and Vietnam also introducing safeguards signal a growing challenge. Products such as HRC and CRC returned to accumulating inventory (+1.8% w/w and +2.6% w/w); **(x) BFs with utilization rates** basically stable at **90.7%** (-0.04p.p. w/w), with maintenance in the North being offset by resumption in the Southeast; **(xi) EAFs reduced operations again, with** the **utilization rate** falling to **58.7%** (-0.3p.p. w/w), reflecting compressed margins, high scrap costs (~¥2,350/t) and energy tariffs.

This is another edition of our weekly report on the **Metals & Mining** sector, focusing on **Macroeconomics in China**, **market sentiment**, and **Iron Ore and Steel** data. This week's series is part of the **"From macro to micro"** series. This report refers to week **2 of June 2025**.

In this report, we comment on **(i)** the movements in anticipation of tariffs, which led to an increase in Chinese **exports** in March but **lost momentum in May**, reflecting the effects of the **US tariffs**. **(ii)** The partial redirection of trade flows to the EU and ASEAN softened the impact but did not prevent the slowdown from exceeding consensus expectations. In addition, we consider other macroeconomic data released during the week, such as **(iii) CPI and PPI**, indicating a **still deflationary environment in China.** On the **iron ore** side, **(iv)** port stockpiles fell slightly, given lower cargo arrivals and still weak domestic demand from mills. The **(v)** utilization rate of **blast furnaces remained** basically stable (above 90%). We believe it is necessary to **analyze the macro without losing focus on the micro**.

We consider this series of reports will be essential to monitor the sector fundamentals that reverberate in the investment theses of the companies we cover in the sector **(Vale, CMIN, Gerdau, CSN, and Usiminas).**

Analysts

Igor Guedes
+55 (11) 3206-8286
igor.guedes@genial.com.vc

Luca Vello
+55 (11) 3206-1457
luca.vello@genial.com.vc

Iago Souza
+55 (11) 3206-1455
iago.souza@genial.com.vc

Companies

VALE US Equity
Buy

Price: US$ 9.54 (16-Jun-2025)
Target Price 12M: US$ 10.50 (NYSE)

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

CMIN3 BZ Equity
Neutral

Price: R$ 4.87 (16-Jun-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 16.76 (16-Jun-2025)
Target Price 12M: R$ 19.00

CSNA3 BZ Equity
Neutral

Price: R$ 7.94 (16-Jun-2025)
Target Price 12M: R$ 9.50

USIM5 BZ Equity
Neutral

Price: R$ 4.77 (16-Jun-2025)
Target Price 12M: R$ 6.00

China

Macroeconomics

CPI: Deflationary environment continues. China's inflation data for May 2025, released by the NBS last week, confirmed the persistence of a **disinflationary environment**. The consumer price index (**CPI**) fell **-0.2% m/m** and **-0.1% y/y**, mainly driven by **declining fuel prices**, with gasoline charges falling **-3.8% m/m**. Also contributing to the slowdown were food prices, which fell -0.2% m/m and -0.4% y/y. On the other hand, the **service sector showed signs of recovery** with a **+4.6% m/m** increase in accommodation rates, driven by enlarged mobility during the Labor Day holiday, the major monthly increase in a decade. Core inflation, which excludes food and energy, remained stable m/m and is up +0.6% y/y. In the **Jan–May/25** period, the **CPI** remained **basically flat**, with a variation of **-0.1% y/y.**

PPI: Down reflecting weak domestic industrial demand. In wholesale, the producer price index (**PPI**) deepened its negative trajectory, falling **-0.4% m/m** and **-3.3% y/y**, reflecting the weakening of global energy prices and the fragility of domestic industrial demand. Of note was the decline in prices for oil and gas (-5.6% m/m; -17.3% y/y), coal (-3.0% m/m; -18.2% y/y) and steel products (-1.0% m/m; -10.2% y/y), evidencing oversupply and margin pressure in commodity-intensive sectors. We believe that, as the industrial sector is unable to perform in the domestic market, there is deflationary pressure in the production chain, reducing demand for durable goods inputs and impacting commodity prices. In the **Jan–May/25** period, the **PPI fell -2.6% y/y** (accumulated), reinforcing the challenge facing Chinese economic policy in restoring price dynamics amid slowing consumption and industry.

Exports: Below expectations, justified by softening front-loading. According to data released by the NBS last week, **Chinese exports** in May grew **+4.8% y/y** (-3.3p.p. m/m; -1.2p.p. vs. BBG consensus), indicating **(i)** a backlog vs. May 2024, **(ii)** a slowdown in the pace of export growth (+4.8% y/y vs. +8.1% y/y in April), and **(iii)** a result below market expectations. We believe this diagnosis reflects a challenging external environment, marked by the **intensification of US-China trade barriers** in May 2025, when the Trump administration implemented a **+50% import tariff on Chinese products** on charges of non-compliance with the Geneva agreement, which had **assumed duty of 10%** (reducing the 145%) for a 90-day negotiation period.

The significant **drop in exports to the US market** (-35% y/y) highlights these effects, since part of the shipments were brought forward in March 2015 – when exports rose +12% y/y – through **front-loading** justified by expectations of new tariffs. In addition, the Chinese government has redirected part of the flow to the EU (+12% y/y) and ASEAN (+14.8% y/y), but these gains were not enough to offset the gap left by the cooling trade movement of bilateral relations between the US and China.

Imports: **Sharper decline than expected.** According to data released by the NBS earlier this week, imports fell **-3.4% y/y** (-3.2p.p. y/y; -2.5p.p. vs. BBG consensus). Domestically, we believe the decline is explained by the slowdown in manufacturing activity reflected in the May's PPI (-3.3% y/y). This is more evident given the **decline in commodity** imports – **iron ore 62% Fe and copper**, for example –, indicating lower appetite for industrial inputs.

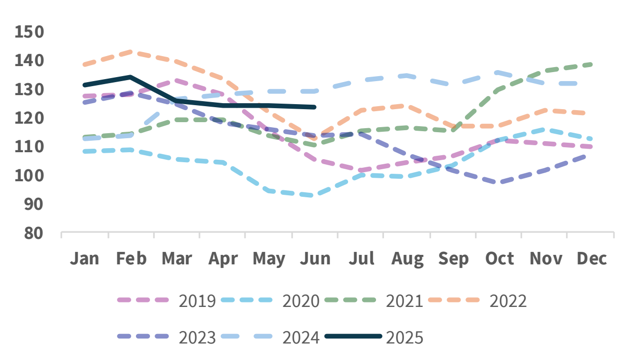
In addition, the accumulation of metallurgical coal inventory through June (+12% y/y) justifies the reduced need for new transactions in the seaborne market in the short term. On the external front, the Trump administration's tariff increases on Chinese products led to aversion to negotiations with foreign partners, weakening the imports flow. As a result, according to the NBS, the **Chinese trade balance** recorded a **surplus of US$103.2bn** (+7.3% y/y; +2.1% vs. BBG consensus). In other words, the sharp decline in imports offset – for trade balance purposes – exports that were below consensus.

Iron ore and Steel

Iron Ore: Ports inventories decline due to lower shipment volumes. Iron ore inventory in the 45 main Chinese ports fell to **123.4Mt** (-0.5% m/m), accumulating a **-6.4% YTD** decline. Although there has been a reduction compared to the beginning of the year, the current level is the **highest in the last 5Y, apart from 2024**. We believe that the reduction was driven by **(i)** a drop in **cargo arrivals at ports,** which reached **21.5Mt** in the week, the **lowest weekly level** (in a range of 15 months), reflecting both logistical delays and the lower willingness of mills to renew stocks. **Iron ore imports** through May 2025 fell to **98.1Mt** (-4.9% m/m), mainly reflecting higher input prices in April (+3.5% vs. March), reducing buyer momentum in the face of still weak domestic demand, which in turn led to **contracting shipments in May**.

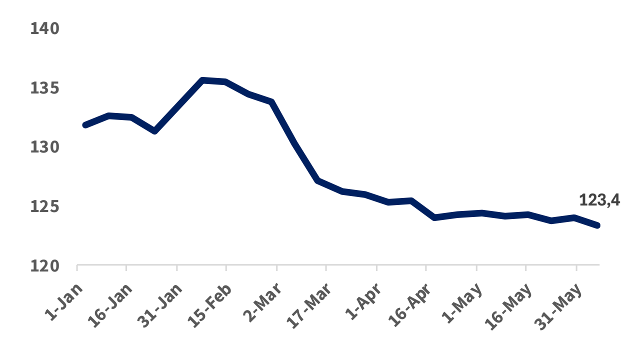
In other words, import volumes were impacted by higher prices in April, when the June futures contract – traded at the time in Singapore – exceeded US$101/t, cooling Chinese mills' appetite for purchases. In addition, expectations of economic stimulus from the central government have not yet materialized in a decisive manner, creating uncertainty that has limited the replenishment of stocks by mills. In short, we believe that the slight drop in port inventories is **more a reflection of an adjustment in supply and logistics than an effective recovery in demand**. In a still fragile context for domestic consumption, **the replenishment pace should remain subdued**, which may sustain spot prices in the short term, but does not change the cautious outlook for 2H25.

Graph 1. Iron ore port inventory 2025 (Mt)



Source: Bloomberg, Genial Investimentos

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

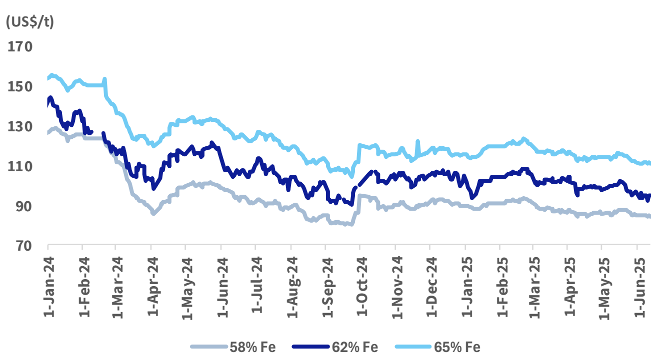


Source: Bloomberg, Genial Investimentos

Iron Ore: Prices retreat amid lack of new triggers. The **62% Fe** benchmark completed last week closing at **US$94.8/t** (-1.3% w/w), marking the **lowest level since the end of Feb/25** and reinforcing the trend of settling below the US$100/t price line. We believe that the movement reflects the combination of **(i)** weak final demand; **(ii)** more abundant seaborne supply vs. the beginning of the year; and **(iii)** caution in the futures markets amid the absence of new macroeconomic triggers. On the demand side, the softness in Chinese industrial activity intensified after the release of negative macro data — such as the PPI at -3.3% y/y and the CPI at -0.1% y/y — reducing the traction of the manufacturing sector and inhibiting new rounds of iron ore replacement by mills.

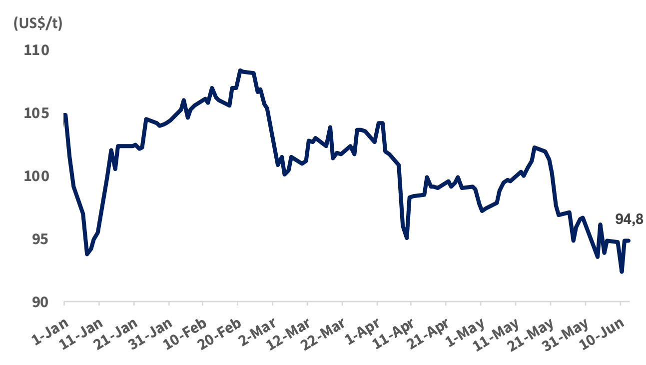
At the same time, i.o. **shipments from Australia and Brazil** totaled **29.2Mt in the week**, the **highest volume since Dec/24**, increasing pressure on Chinese ports and reducing appetite for new spot purchases. In addition, with compressed metal margins, **many steelmakers have prioritized lower quality blends** to dilute costs (~58% Fe), which temporarily reduced demand for the 62% Fe benchmark. As such, the price correction reinforces the scenario of **accommodation at ~US$90–95/t range**, with a downward bias until there is an improvement in real demand or significant cuts in seaborne supply (not a base case scenario).

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



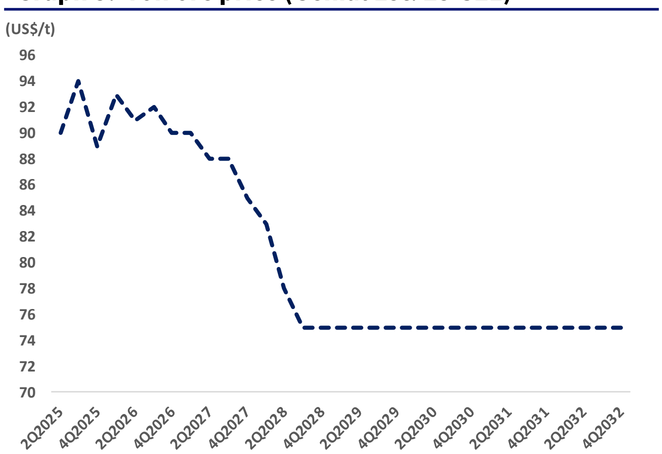
Source: Genial Investimentos

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)

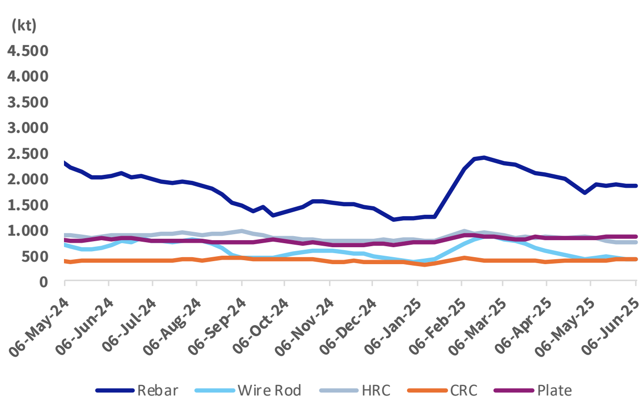


Source: Genial Investimentos

Steel: Total inventories at mill yards down marginally. According to data we monitor, we observed that **steel inventories at mill yards** fell to **4.3Mt** (-0.1% w/w) during last week. The continued destocking was marginal and well below the previous week (-1.1% w/w), reflecting a delicate balance between **(i)** outflows via exports and **(ii)** growing obstacles on the domestic demand side. The main force behind the slight weekly reduction was the **crude steel exports**, which continued to absorb significant volumes of surplus production. After reaching **9.6Mt in the accumulated total for Apr/25**, Chinese shipments of steel products summed **9.2Mt in May/25** (-4.2% m/m), according to the General Administration of Customs (GACC). Flat products such as HRC and medium slabs accounted for ~60% of total exports, with destinations concentrated in Southeast Asia and Africa, which helped prevent further accumulation in mill yards.

On the other hand, **domestic demand showed a sharp decline**, especially in segments linked to construction. Data from the China Iron and Steel Association (CISA) point to a **-2.4% w/w** decline **in the sector's activity**, with a **notable -3.1% w/w** reduction in **consumption of rebar by construction companies**. Adverse weather conditions with the onset of summer (Jun-Aug) such as heavy rains and high humidity in regions near Guangxi and Guangdong, where temperatures exceeded +30 °C — compromised the build-up pace and limited mobility on construction sites. In addition, **production remained high**, limiting the potential for more significant relief in inventories. **Weekly production** at monitored mills **reached 9.2Mt** (-0.3% w/w). Steel producers such as Baowu and Shougang indicated only minor adjustments to their June schedules, prioritizing export contracts.

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

Steel: Warning signs in crude steel exports, some categories increase inventories. Although the external channel continues to act as a safety valve to release the pressure, we believe that **warning signs are accumulating**. New trade barriers — such as **(i)** the **+50% tariffs imposed by the US** (+25% effective from June 4 +25% under Section 232 with no exceptions); **(ii)** South Korea's anti-dumping measures to protect itself against increased penetration of Chinese steel, with a **tariff of +9.5% on HRC**, and **(iii)** the safeguards announced by Vietnam — indicate that this flow sustainability is uncertain, increasing the risk of inventory rebuilding in the domestic market in 2H25.

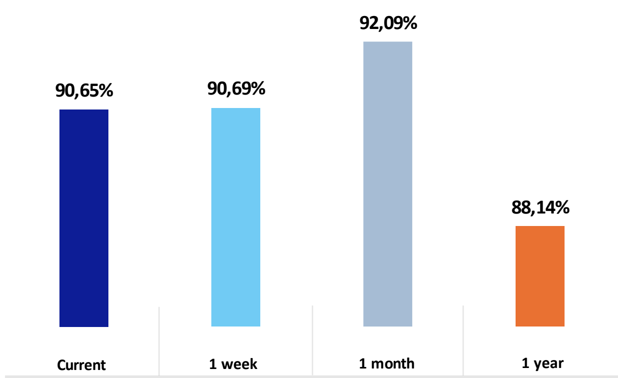
The movement therefore reflects a seasonal transition, with weaker sales momentum after the spring peak and a cautious stance by distributors in view of the low predictability of summer demand. The net reduction in inventories was only **4Kt in the week** (vs. 48Kt previously), a clear sign of losing traction. By product **(i) Rebar** showed a **-0.9% w/w** decline, reaching **1.9Mt**, in line with the slowdown in civil construction; **(ii) Wire rod** fell **-0.8% w/w**, totaling **433Kt**, also impacted by lower industrial activity and unfavorable weather; **(iii)** Hot-rolled coils **(HRC)** with an increase of **+1.8% w/m**, to **764Kt**, signaling accumulation in the face of slowing exports; **(iv)** Cold-rolled coils **(CRC)** also accelerated **+2.6% w/w**, reaching **426Kt**, pressured by continued production and **(v) Medium slabs** contracted **-0.8% w/w**, totaling **857Kt**, with slight relief concentrated in regions with greater external sales.

Steel: Blast furnace utilization rates remained virtually flat w/w. Steel production at integrated mills operating via **blast furnaces** (BF) remained virtually stable, with the **average capacity utilization rate** among 247 monitored mills remaining **basically flat** at **90.7%** (-0.04p.p. w/w). The level remains high (above 90%), but reflects a technical and operational equilibrium, marked by a balance between new shutdowns and strategic reactivations. This steady behavior is the result of two opposing forces. On the one hand, **(i)** some mills, especially in the north, **began scheduled maintenance** – which we believe is indicative of a **low level of order books**.

Provinces such as Hebei and Shandong, with high industrial density, concentrated on these shutdowns, which caused a localized reduction in production, visible in the slight drop in daily pig iron production (-0.05% w/w). On the other hand, **(ii)** mills that had undergone partial maintenance **in May 2025 resumed operations at full** capacity, mainly in the eastern and southeastern regions (Jiangsu and Zhejiang), favored by margins in flat products, which remained positive by the way — between **¥200–250/t** (~US$36-45/t). This partial reactivation helped offset the impact of the new shutdowns and sustained aggregated production levels.

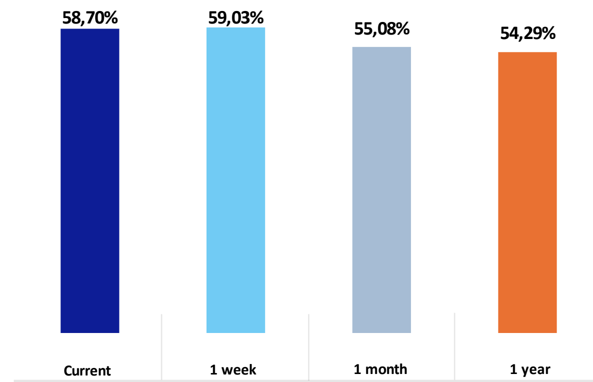
The stability of the utilization rate suggests that the **BF production system remains resilient in the short term**, with operational elasticity that allows for adjustments without major volume losses. This resilience, however, occurs in the context of weak domestic demand and uncertainty in the external channel, which may imply additional pressure on inventories and crude steel prices in the domestic market. The maintenance of the BF production pace, even with clear signs of a slowdown in downstream activity and the risk of a decline in exports in 2H25, reinforces the **supply saturation hazard**. Given the technical rigidity of this type of route, it is possible that production will remain above the ideal level in relation to demand — even with the **-30Mt Genial Est.** cuts in **crude steel** production — which tend to increase international competition and increase the risk of supply shifting to foreign markets, especially via **semi-finished and flat products.**

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: EAF utilization rate falls. Last week, the utilization rate of **Electric Arc Furnaces** (EAF) fell to **58.7%** (-0.3p.p. w/w), **interrupting the recovery cycle** observed throughout May. Even so, the current level remains **+4.4p.p. vs. 2024**, reflecting the recent attempt at reactivation by some mini-mills. However, last week's downward movement reinforces the structural vulnerability of this production model in the face of margin compression and a fragile demand environment, especially for the civil construction sector, which generally demands more steel via EAF.

The operational downturn in EAFs reflects a combination of adverse factors. **(i)** Industrial margins have become unviable at several mills, with the **metal spread for long products falling** to **¥20–50/t** (~US$4-9/t), which is insufficient to cover variable costs at less efficient plants. As a result, we found that **several mills partially or totally suspended their operations** to avoid direct losses. In addition, the **(ii)** cost of ferrous scrap—the main input for EAF —remained high (+3.5% YTD), hovering around **¥2,350/t** (~US$324/t) in eastern China. As scrap accounts for ~77% of total COGS, the combination of domestic supply shortages and lower import volumes has widened the gap between production costs and the viability of steel sales. Another relevant factor was **(iii)** the impact of **industrial energy tariffs**, which continue to pressure the variable costs of EAF mills, especially in coastal provinces such as Zhejiang and Jiangsu. Some mills opted for **tactical shift reductions and daytime shutdowns** to mitigate additional losses.

Finally, we believe that demand remains weak, with **(iv)** negative impacts from **rains on construction sites** ahead of the summer season (Jun-Aug) and **low appetite for restocking among distributors**. The lack of new momentum in the residential construction sector and the still high level of inventories on the channel limit any expectations of a sustained recovery in production in the short term. Although it represents a smaller share of total supply — ~10% of Chinese production — we believe that the recent decline in EAF utilization rates highlights the sensitivity of this production model to marginal fluctuations in profitability.

Appendix: Vale

Figure 1. Vale – Income Statement in US$ Millions (Genial Est. 2025-2029)

Income Statement	2025E	2026E	2027E	2028E	2029E
Net Revenue	**35.719**	**38.463**	**39.028**	**39.929**	**40.872**
(-) COGS	(23.770)	(24.895)	(25.448)	(26.140)	(27.049)
Gross Profit	**11.948**	**13.568**	**13.580**	**13.789**	**13.823**
(-) Expenses	(2.084)	(1.725)	(2.034)	(1.694)	(1.262)
Adjusted EBITDA	**14.094**	**15.806**	**15.919**	**16.252**	**16.401**
(-) D&A	(2.888)	(3.016)	(3.146)	(3.287)	(3.427)
EBIT	**11.206**	**12.790**	**12.773**	**12.964**	**12.974**
(+/-) Financial Result	(1.177)	(1.125)	(1.063)	(1.060)	(988)
(-) Taxes	(2.827)	(3.894)	(3.905)	(4.170)	(4.404)
Net income	**7.201**	**7.772**	**7.805**	**7.735**	**7.582**
Profitability					
Net margin (%)	20,2%	20,2%	20,0%	19,4%	18,6%

Figure 2. Vale– Cash Flow in US$ Millions (Genial Est. 2025-2029)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E	2029E
Net Revenue	**35.719**	**38.463**	**39.028**	**39.929**	**40.872**
(-) COGS	(23.770)	(24.895)	(25.448)	(26.140)	(27.049)
Adjusted EBITDA	**14.094**	**15.806**	**15.919**	**16.252**	**16.401**
Adjusted EBIT	**11.206**	**12.790**	**12.773**	**12.964**	**12.974**
(-) Taxes	(2.827)	(3.894)	(3.905)	(4.170)	(4.404)
(+) D&A	2.888	3.016	3.146	3.287	3.427
(+/-) Brumadinho and Samarco	(1.393)	(998)	(666)	(835)	(202)
(+/-) Δ WK	277	1.924	72	1.116	80
(-) Capex	(5.760)	(5.412)	(5.844)	(6.065)	(6.065)
FCFF	**4.392**	**7.426**	**5.577**	**6.298**	**5.811**

Appendix: CMIN

Figure 1. CMIN – Income Statement in R$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**15.275**	**15.345**	**16.464**	**18.209**
(-) COGS	(8.243)	(8.441)	(8.746)	(10.221)
Gross Profit	**7.032**	**6.905**	**7.718**	**7.988**
(-) Expenses	(1.801)	(2.311)	(2.310)	(2.337)
Adjusted EBITDA	**5.230**	**5.442**	**6.382**	**6.684**
(-) D&A	(1.293)	(1.631)	(1.982)	(2.355)
Adjusted EBIT	**3.938**	**3.810**	**4.400**	**4.329**
(+/-) Financial Result	(425)	(720)	(1.105)	(1.307)
(-) Taxes	(1.261)	(1.036)	(1.118)	(801)
Net income	**2.251**	**2.055**	**2.177**	**2.221**
Profitability				
Net margin (%)	14,7%	13,4%	13,2%	12,2%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**15.275**	**15.345**	**16.464**	**18.209**
(-) COGS	(8.243)	(8.441)	(8.746)	(10.221)
Adjusted EBITDA	**5.230**	**5.442**	**6.382**	**6.684**
EBIT	**3.938**	**3.810**	**4.400**	**4.329**
(-) Taxes	(1.261)	(1.036)	(1.118)	(801)
(+) D&A	1.293	1.631	1.982	2.355
(+/-) Δ WK	(136)	134	177	588
(-) Capex	(4.087)	(4.499)	(5.001)	(5.613)
FCFF	**(254)**	**41**	**440**	**859**

Appendix: Gerdau

Figure 1. Gerdau – Income Statement in R$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**72.335**	**77.762**	**78.069**	**79.442**
(-) COGS	(63.044)	(67.492)	(67.137)	(66.822)
Gross Profit	**9.291**	**10.269**	**10.932**	**12.620**
(-) Expenses	(2.340)	(2.506)	(2.530)	(2.580)
Adjusted EBITDA	**11.178**	**12.012**	**12.506**	**13.953**
(-) D&A	(3.869)	(4.131)	(4.370)	(4.590)
EBIT	**7.620**	**8.541**	**9.182**	**10.834**
(+/-) Financial Result	(545)	(686)	(471)	(1.105)
(-) Taxes	(1.595)	(1.946)	(2.408)	(2.684)
Net income	**5.480**	**5.909**	**6.303**	**7.046**
Profitability				
Net margin (%)	7,6%	7,6%	8,1%	8,9%

Figure 2. Gerdau– Cash Flow in R$ Millions (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**72.335**	**77.762**	**78.069**	**79.442**
(-) COGS	(63.044)	(67.492)	(67.137)	(66.822)
Adjusted EBITDA	**11.178**	**12.012**	**12.506**	**13.953**
EBIT	**7.620**	**8.541**	**9.182**	**10.834**
(-) Taxes	(1.595)	(1.946)	(2.408)	(2.684)
(+) D&A	3.869	4.131	4.370	4.590
(+/-) Δ WK	186	(6)	(193)	169
(-) Capex	(6.000)	(6.075)	(6.150)	(6.226)
FCFF	**4.081**	**4.645**	**4.802**	**6.684**

Appendix: CSN

Figure 1. CSN – Income Statement in R$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**46.277**	**46.932**	**50.995**	**55.773**
(-) COGS	(32.882)	(33.046)	(36.652)	(40.128)
Gross Profit	**13.394**	**13.886**	**14.343**	**15.645**
(-) SG&A and others	(2.664)	(2.205)	(1.416)	(720)
Adjusted EBITDA	**10.730**	**11.681**	**12.927**	**14.925**
(+/-) Financial Result	(4.799)	(5.590)	(4.912)	(5.655)
EBT	**1.608**	**1.440**	**2.759**	**3.402**
(-) Taxes	(547)	(493)	(938)	(1.157)
Net Income	**1.061**	**947**	**1.821**	**2.246**
Profitability				
Net Margin (%)	2,29%	2,02%	3,57%	4,03%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**46.277**	**46.932**	**50.995**	**55.773**
(-) COGS	(32.882)	(33.046)	(36.652)	(40.128)
Adjusted EBITDA	**10.730**	**11.681**	**12.927**	**14.925**
Adjusted EBIT	**6.407**	**7.030**	**7.671**	**9.058**
(-) Taxes	(547)	(493)	(938)	(1.157)
(+) D&A	4.324	4.651	5.256	5.867
(+/-) Δ WK	(161)	(4)	(1.094)	(467)
(-) Capex	(4.341)	(5.041)	(5.041)	(5.041)
FCFF	**5.681**	**6.142**	**5.853**	**8.259**

Appendix: Usiminas

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**26.433**	**27.532**	**28.735**	**30.001**
(-) COGS	(24.416)	(25.081)	(25.672)	(26.988)
Gross Profit	**2.017**	**2.451**	**3.064**	**3.013**
(-) Expenses	(876)	(814)	(851)	(881)
Adjusted EBITDA	**2.440**	**2.956**	**3.564**	**3.501**
(-) D&A	(1.181)	(1.250)	(1.256)	(1.242)
EBIT	**1.141**	**1.637**	**2.212**	**2.132**
(+/-) Financial Result	4	(65)	302	421
(-) Taxes	(327)	(393)	(1.308)	(1.149)
Net income	**818**	**1.179**	**1.207**	**1.404**
Profitability				
Net margin (%)	3,1%	4,3%	4,2%	4,7%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**26.433**	**27.532**	**28.735**	**30.001**
(-) COGS	(24.416)	(25.081)	(25.672)	(26.988)
Adjusted EBITDA	**2.440**	**2.956**	**3.564**	**3.501**
EBIT	**1.141**	**1.637**	**2.212**	**2.132**
(-) Taxes	(327)	(393)	(1.308)	(1.149)
(+) D&A	1.181	1.250	1.256	1.242
(+/-) Δ WK	83	204	(198)	4
(-) Capex	(1.413)	(1.413)	(1.130)	(1.074)
FCFF	**665**	**1.285**	**833**	**1.156**

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