genial | Equity Research

Metals & Mining

From Macro to Micro: Rare earth's deal, speculative trigger?

LatAm Metals & Mining

Main takeaways on China:

(i) LPRs for 1 and 5Y remain unchanged (at 3.0% and 3.5%). The decision reflects the **cautious stance of the PBoC**; **(ii)** China's commitment to **issue export licenses** for **rare earth minerals** has **raised expectations** for a **broader tariff agreement**. We believe that the tariff applied by the Trump administration on Chinese products should remain in the **range of 40-50% Est**; **(iii) Iron ore inventories** in Chinese ports reached **124.3Mt** (+0.3% s/s). Even with significantly lower cargo arrivals at ports (-8.6% w/w), the pace of withdrawal from mills was even slower, causing stocks to grow slightly; **(iv)** The price of 62% Fe ore closed at US$93.7/t (+0.1% w/w), reflecting technical support (RSI ~34–37), a slight decline in steel sales (-1.3% w/w), expectations for stimulus measures, and lower weekly arrivals. Fundamentals remain weak, with pent-up demand, negative seasonality, and a preference for low-grade iron ore; **(v) Steel inventories fell -0.3% w/w at mills and -0.9% w/w among traders**. Production rose +1.1% w/w, but rebar + wire rod sales fell -3.9% w/w, generating a negative net balance in inventories; **(vi) Blast furnace utilization rate rises to 90.8%** (+0.2 p.p. w/w). **Daily pig iron production** reached **2.4Mt/day** (+0.8% w/w). Even so, the pace of decline in production remains in line with the expected cut of -30Mt over the next 12 months; **(vii) EAFs fell to 54.5%** (-2.2p.p. w/w)**, accumulating a decline of -5.0p.p. in the month,** as mills operate with strongly negative metal spreads (> -US$50/t), in the face of expensive scrap (above US$360/t), pressured energy costs, and weak demand.

This is another edition of our weekly report on the **Metals & Mining** sector, focused on **China** with chapters on **Macroeconomics, Policies and Market Sentiment,** as well as data on **Iron Ore and Steel**. This week's series is part of the **"From macro to micro"** sequence. This report refers to **week 4 of June 2025**.

Even with the slight increase in the **BFs utilization** rate to **90.8%** (+0.2p.p. w/w), we maintain our projection of a cut in crude steel production of ~30Mt over the next 12M (counting from May), which would represent an adjustment equivalent to **3-5% of total production vs. 2024**, with an estimated direct implication of a **-45Mt reduction in demand for iron ore** in the seaborne system.

Last week we saw a meltdown in mining companies, with Vale shares falling -7% (June 16-20) after the NBS released data on crude steel production, which came in below expectations, consolidating the worst performance for May in the last seven years. In this context, we believe that the **slight recovery in production last week does not change the structural trend of production** adjustments. Crude steel cuts have been intensifying when looking at the accumulated data from recent weeks. However, we note a **partial reversal of the bearish market sentiment**, especially after last Friday's announcement of the **trade agreement between the US and China** involving **rare earth minerals**. All the majors (Vale, Rio Tinto, BHP, and Fortescue) had a predominantly positive trading session on the news.

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$ 9.74 (30-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$ 4.88 (30-Jun-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 15.90 (30-Jun-2025)
Target Price 12M: R$ 19.00

CSNA3 BZ Equity
Neutral

Price: R$ 7.50 (30-Jun-2025)
Target Price 12M: R$ 9.50

USIM5 BZ Equity
Neutral

Price: R$ 4.15 (30-Jun-2025)
Target Price 12M: R$ 6.00

In the **content of this report**, we also comment on **(i)** the PBoC's decision to maintain the LPRs and its cautious signaling; **(ii)** we have revised our expectations for the intensity of further interest rate cuts (1-Y and 5-Y LPRs), accumulating -20bps by the end of the year (vs. -30bps previously); **(iii)** the increase in port i.o. inventory to 124.3Mt (+0.3% w/w), despite lower cargo arrivals; **(iv)** the sideways movement of iron ore prices at US$93.7/t (+0.1% w/w), given the balance between technical support and weak fundamentals; **(v)** the decline in steel inventories at mills (-0.3% w/w) and among traders (-0.9% w/w); **(vi)** the slight increase in BF rates; and **(vii)** the sharp decline in EAF operations, which accumulated -5.0p.p. in the month, pressured by very low metal spreads.

We believe 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)**.

China

Macroeconomics

Interest Rates: Maintaining the LPR reinforces the PBOC's cautious stance. The PBoC, at its monetary policy committee meeting on June 20, **left unchanged** the benchmark interest rates for basic loans (1-year and 5-year LPRs). Thus, the 1-year LPR remains at 3.0% and the 5-year LPR at 3.5%. The move was already expected by the BBG consensus. The decision came after a -0.1p.p. cut in May, the first since August 2023, and reflected the authorities intention to balance stimulus to economic activity with preserving the profitability margin of state-owned banks, especially amid weakness in the real estate sector and uncertainty about the sustainability of domestic demand.

t seems to us that, rather than intensifying the easing cycle via additional interest rate cuts, the PBoC has prioritized **complementary tools**, such as **(i)** adjustments to the reserve requirement ratio (RRR) and **(ii)** targeted credit operations, especially for infrastructure and clean energy. The decision is even more relevant when considered in the context of the slowdown in industrial production growth, **+5.8% y/y in May vs. +6.1% y/y in April**, reaching its **lowest level in six months**. Although the May rate cut provided temporary support for commodity prices, the absence of further cuts in June is likely **to limit the momentum of recovery in steel demand**, contributing to a scenario of risk aversion towards the majors.

Furthermore, in our view, the maintenance of the 5-year LPR – which is usually linked to mortgage rates – is an indication that direct stimulus to the real estate sector will be more limited. In summary, we believe that the PBoC seems to be adopting a “wait and see” stance, assessing the effects of the previous cut before taking further action. Therefore, we **revise our expectation** for the intensity of **further interest rate cuts** (1-year and 5-year LPRs) to **-20bps by the end of the year** (vs. -30bps previously).

Policy and Market Sentiment

US vs. China: Agreement on rare earths seen as a sign of tariff moderation. We believe that the trade agreement signed between the US and China on June 26 and 27 is likely to have significant, albeit indirect, effects. By providing the **issuance** speed-up **of licenses** for the **export of rare earth minerals and magnets** by China**,** the pact eases some of the global tensions over access to strategic raw materials, reducing the risk of disruptions in Western industrial chains. In May, during talks in Geneve, China committed to suspending the non-tariff measures it had imposed on the US since April. Introduced in retaliation for the Trump administration's tariffs (which reached 145% before the negotiation period), these measures suspended exports of strategic rare earth minerals and magnets, disrupting global supply chains in the automotive, aerospace, semiconductor, and defense sectors. We believe that the negotiations failed at the time due to these export restrictions, leading the US to impose its own controls on semiconductor design software, aircraft, and other exports to China.

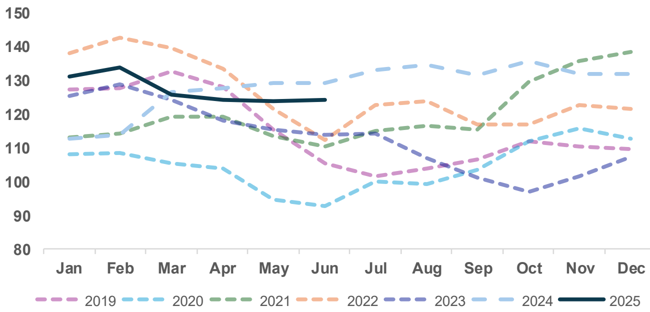
With the **new agreement sealed late last week**, we believe this move is likely to unlock investment in advanced manufacturing and infrastructure in the US, which could stimulate demand from mining companies to some extent in the medium term. But the most important point, in our view, is that the commitment made regarding rare earth mineral licenses also contributes to **strengthening the perception that a broader agreement will soon be reached**, including the definitive tariff to be applied by each country in bilateral trade. As we have already commented, we believe that the tariff applied by the Trump administration on Chinese products should remain in the **range of 40-50% Est,** in addition to those already levied on automobiles and steel. The impact should be seen **in a slight improvement in market sentiment**, which was very bearish, while the creation of a less tense geopolitical environment should favor asset repricing and contribute to a partial reversal of the discount on multiples. All the majors (Vale, Rio Tinto, BHP, and Fortescue) had a predominantly positive trading session on the news of the agreement.

Iron ore and Steel

Iron Ore: Port inventories increase again. According to our monitoring, last week **iron ore stocks** in the 45 main **ports in China** rose to **124.3Mt** (+0.3% w/w). At first glance, this movement may seem counterintuitive, since the **volume shipped by mining companies** and arriving **at ports fell significantly** during the week, reaching **23.8Mt** (-8.6% w/w). However, the net increase in stockpiling is explained by the fact that, although less iron ore arrived, **the withdrawals flow by mills fell even more sharply**, due to the **decline in steel production** observed in recent weeks and caution in purchasing. In other words, according to our analysis, logistics turnover at ports slowed down as a whole, and the volume that remained in storage ended up being higher than what was shipped, resulting in a weekly accumulation.

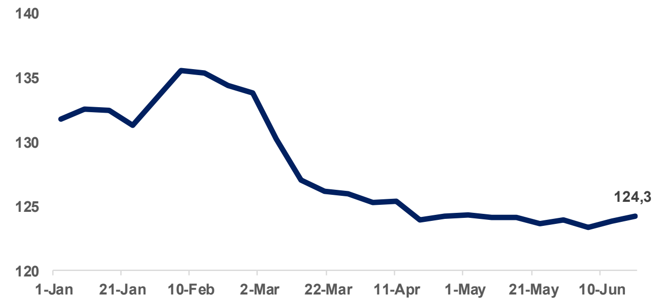
This behavior was aggravated by a **selective movement** to **replenish inventories** by some mills, taking advantage of the low spot price of the 62% Fe benchmark, which has been **trading below US$95/t** for three consecutive weeks, even with steel production slowing down **6.9% y/y in May**. The reading, therefore, is that this accumulation reflects the still sluggish Chinese real estate and infrastructure sectors.

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



Source: Bloomberg, Genial Investimentos

Graph 2. Iron ore port inventory 2025 (Mt)



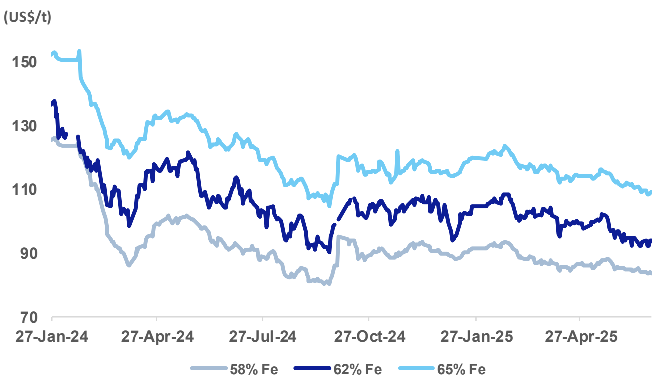
Source: Bloomberg, Genial Investimentos

Iron Ore: Prices sideways w/w. 62% Fe iron ore on the Dalian Commodity Exchange (DCE) ended last week at **US$93.7/t** (+0.1% w/w), trading in a narrow range. On the pro-price side, we highlight **(i)** the technical support observed in the range of ~US$93/t, with graphical indicators such as RSI, which was positioned in oversold regions (between 34-37). We believe that this stimulated **tactical purchases by speculators**, who believed that the price may rise in the coming days, driven solely by the exhaustion of the previous decline. In addition, we note that **(ii)** weak steel sales in China's coastal regions (-1.3% w/w) opened room for occasional **light restocking** of iron ore by mills; **(iii)** the occasional decline in iron ore arrivals at ports — which fell vs. the average of previous weeks — temporarily easing physical supply pressure; and **(iv)** moderate expectations of economic stimulus from the Chinese central government for infrastructure in 2H25, which sustained short-term sentiment in some trading segments.

On the other hand, we believe that the **fundamentals restricting prices remained largely in place**. Physical demand for steel remains subdued, with daily crude steel production operating at reduced levels in recent weeks and still depressed spreads. Seasonal weather conditions—with heavy rains in Hebei, Shandong, and Jiangsu at the start of the summer period (Jun-Aug)—continue to limit the construction pace work and, consequently, demand for steel and iron ore. In addition, port stocks of iron ore remained high (~124Mt, the second highest level in the last five years), with little urgency for replenishment on the part of mills.

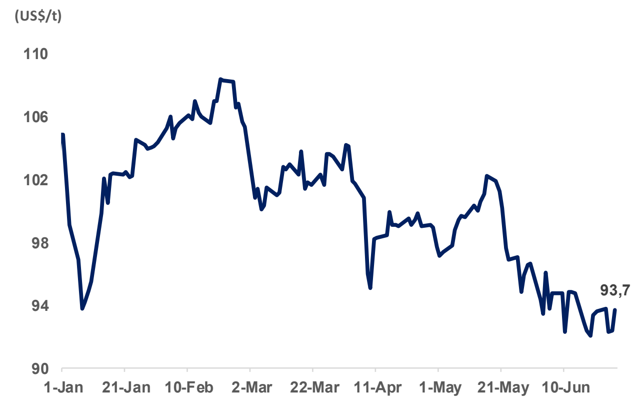
With the price of **metallurgical coal** falling to a **level below US$230/t** (vs. US$260/t in early May), many blast furnace mills continue to **prioritize blends of lower quality** (~58% Fe), since the thermal efficiency gains brought by high-grade iron ore are not as necessary given the cooler metallurgical coal price level. In the **futures market**, the September contract on DCE closed the week with a slight decline, reaching **US$96.5/t** (-1.5% w/w). In Singapore (SGX), the September contract was quoted at **US$94.5/t** (+0.9% w/w), with the last trading day of last week indicating a **partial improvement in investor sentiment** due to signs of tariff moderation in the rare earths agreement between the US and China.

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



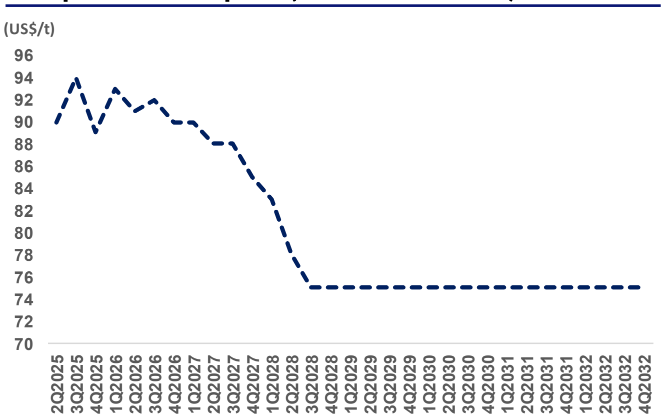
Source: Genial Investimentos

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



Source: S&P Platts, Genial Investimentos

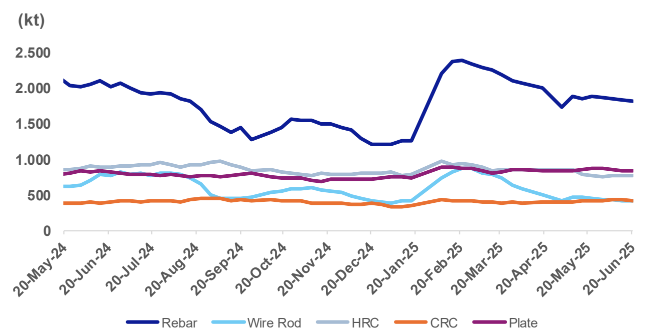
Graph 5. Iron ore price (Genial Est. 25-32E)



Source: Genial Investimentos

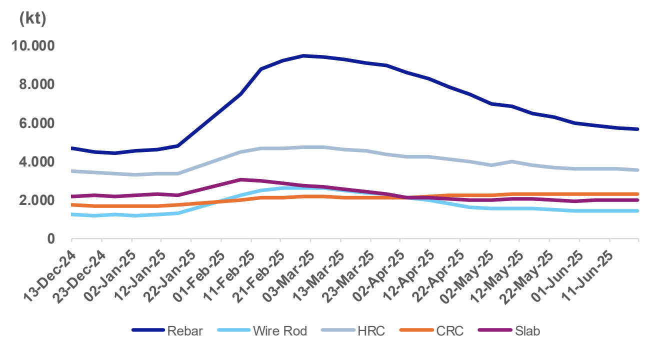
Steel: Total inventories at mill yards are falling modestly. Inventories of the five **main steel products** in Chinese mills monitored by us **declined** to **4.3Mt** (-0.3% w/w). In addition, total inventories of the same steel products held by Chinese traders **declined for the 6th consecutive week** to **14.8Mt** (-0.9% w/w) — both modest movements. On the **production** side, **total crude steel** stood at **8.7Mt** (+1.1% w/w) last week, in response to a slight recovery in blast furnace capacity utilization — which rose +0.2p.p. w/w — but still lacking the strength to generate significant accumulation. Looking at products, the grouping of **daily sales of rebar + wire rod** fell to **98.1Kt/day** (-3.9% w/w), a slight decline compared to previous weeks, but sufficient to keep net inventories in negative territory, given that **demand did not improve**, **but also did not plummet** — and was sufficient to consume part of the material produced, resulting in a slight drop in inventories. Thus, the decline in mill inventories was the result of a slight recovery in production with sales still moderate, but higher than the additional volume produced, which generated a negative net balance (i.e., inventories continued to fall). By product, the highlights are: **(i)** rebar with 1.8Mt (-0.3% w/w); **(ii)** wire rod with 408Kt (-1.6% w/w); **(iii)** HRC stable at 765Kt; **(iv)** CRC with 419Kt (-1.3% w/w) and **(v)** medium plates slightly up to 842Kt (+0.6% w/w).

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

Graph 6. Traders Steel inventory (130 major cities)



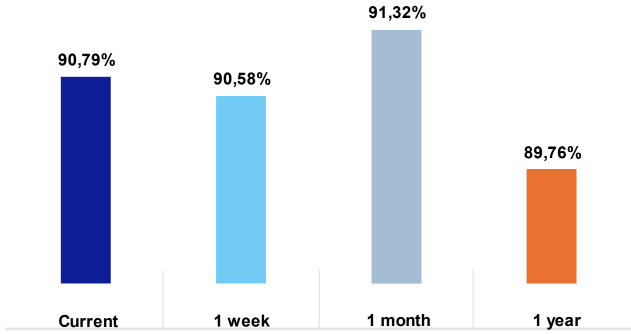
Source: My Steel, Genial Investimentos

Steel: BFs utilization rate increases after several weeks of decline. Daily steel production among integrated mills operating **via blast furnace** (BF) registered a **slight increase** after five consecutive weeks of decline. The utilization rate among the 247 mills monitored rose to **90.8%** (+0.2p.p. w/w), and **daily pig iron production** followed suit, reaching **2.42Mt/day** (+0.8% w/w). We believe that the increase in production is mainly driven by the **operations resumption** at some BFs with **slightly positive margins** of **~US$15/t** for rebar, for example, after the completion of maintenance routine. Mills located in regions such as Hebei and Shandong ended up freeing up capacity and registering a rate net increase. In addition, our monitoring identified that the number of BFs that returned to operation exceeded those that entered maintenance, resulting in a net positive impact of **+32.3Kt/day.**

Even so, in the YTD view, **crude steel production continues to decline slightly**, reaching **431.7Mt** (-1.1% y/y) by the end of May. Last month, **production had already deteriorated -6.9% y/y**, reaching **86.5Mt** — a figure released two weeks ago by the NBS — amplifying investors' bearish sentiment, as it was the **lowest figure for May in the last 7Y**. Therefore, even though the YTD decline is minor, we believe that the pace of decline in output will accelerate, in line with the **production cut of -30Mt** that we are expecting **over the next 12M** (counting from May), reaching the 3-5% range of 2024 production. Thus, this week's slight recovery in the utilization rate seems to be more associated with technical movements such as maintenance than any sign of improvement in future demand or postponement of capacity cuts.

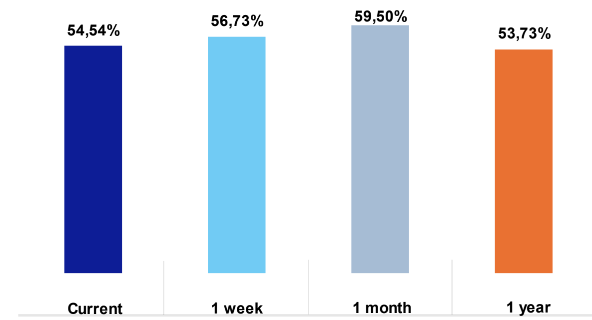
Steel: EAF utilization rate accumulates a decline of -5.0p.p. in the month. The utilization rate of **electric arc furnaces** (EAF) fell **to 54.54%** (-2.2p.p. w/w), accumulating a decline of -5.0p.p. in the last four weeks and returning to levels like the same period last year (53.73%). We believe that the decline reflects a coordinated movement of **(i)** tactical production adjustments, driven by negative margins; **(ii)** deterioration in scrap supply conditions; and **(iii)** sluggish final demand. From an economic standpoint, **gross spreads on the EAF route** are **deeply negative**. With **scrap metal prices above US$360/t** and electricity tariffs rising in some provinces, variable costs have been exceeding realized prices for products such as scrap and wire rod for a significant number of mills. In other words, the numbers do not add up, since many mini-mills are continuously operating at a loss of more than US$50/t, which has led some mills to reduce or even temporarily suspend production.

Graph 8. BF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

Graph 9. EAF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

In addition, the shortage of high-quality scraps worsened in the 2H of June, impacting on the supply to independent EAFs. Even those mills willing to operate with compressed margins were unable to maintain full capacity in the face of inadequate raw material availability. Limited supply, coupled with inflexible prices, intensified the operational downturn. The **consumption backdrop remains unfavorable**. Demand for long products remains weak, especially in the real estate sector, while distributor inventories are still at high levels. We believe this discourages new production rushes and reinforces the cautious stance of EAF mills.

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**
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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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