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Metals & Mining

From Macro to Micro: The power of a phrase

LatAm Metals & Mining

Main takeaways on China:

(i) Industrial PMI rose to **49.7pts.** (+0.2pts. m/m; -0.1pt. vs. BBG consensus), with an improvement in domestic orders (+0.4pts. m/m). **Exports and employment remain weak**; **(ii)** The **non-manufacturing PMI** advanced to **50.5pts.** (+0.2pt. m/m; +0.2pt. vs. BBG consensus), supported by construction (52.8pts.; +0.4pts. m/m); **(iii)** The **Caixin industrial PMI** surprised positively, rising to **50.4pts.** (+2.1pts. m/m; +1.4pts. vs. BBG consensus); **(iv)** The **Caixin services PMI** fell to **50.6pts.** (-0.5pts. m/m; -0.4pt. vs. BBG consensus), reaching its **lowest level in 9M**; **(v)** During the **Central Economic Affairs Commission**, Xi Jinping defended **industrial capacity cuts**, boosting HRC prices in China (+2.3%). The move still depends on effective execution; **(vi) Vale reduced its pellet guidance** for 25E **to 31–35Mt** (-6.7% vs. the middle of the previous range). The shutdown of the São Luís (MA) plant and premium cuts (-US$8/t and -US$10/t) indicate low attractiveness for palletization; **(vii)** Port ore stocks reached **124.8Mt** (+0.5% w/w), accumulating a **+1.2% increase in 3W**, due to strong ship arrivals and low withdrawals. Levels remain **+12.8% above the 5th** average; **(viii)** Iron ore rose to **US$95.0/t** (+1.3% w/w), supported by political statements, Vale's guidance cut, and **short covering** by traders. Support depends on stimulus and additional cuts in 3Q25; **(ix) Steel inventories at mills** rose to **4.3Mt** (+1.8% w/w), while those at traders fell slightly (-0.1% w/w). **Production** rose **+1.4% w/w**; **(x)** The **utilization rate** of **BFs** remained stable at **90.8%** (+0.1p.p. w/w), with **pig iron production** at **2.4Mt/day** (+0.1% w/w); **(xi)** EAF mills stabilized utilization at 54.5% (-0.1p.p. w/w), accumulating a decline of **-4.5p.p.** since the peak in May. Margins remain negative (**-US$30/t**), and scrap prices remain high (**~US$340/t**), restricting recovery.

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 1 of July 2025**.

Assets linked to the metals and mining chain showed a partial recovery. During China's Central Economic Affairs Commission, which took place last week, **President Xi Jinping mentioned the following phrase:** “We intend to curb price wars and eliminate obsolete capacity in the industry.” — signaling a willingness to **cut industrial capacity as a way to combat deflation** — We believe this boosted steel prices and **increased speculative appetite**, although no concrete measures have been taken so far. On **July 2**, in response to the statement, **Vale's shares rose +3.2%**, accompanied by similar gains among other majors (BHP, Rio Tinto, Fortescue). At the same time, June **manufacturing PMIs** brought **mixed signals**: while the official NBS indicator remained below the 50-pt. line, reaching 49.7pts. (+0.2pt. m/m; -0.1pts. vs. BBG consensus), the Caixin PMI surprised positively at 50.4pts. (+2.1pts. m/m; +1.4pts. vs. BBG Consensus), suggesting localized relief among small and medium-sized private companies.

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Companies

VALE US Equity
Buy

Price: US$ 9.74 (07-Jul-2025)
Target Price 12M: US$ 10.50 (NYSE)

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

CMIN3 BZ Equity
Neutral

Price: R$ 5.15 (07-Jul-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 16.85 (07-Jul-2025)
Target Price 12M: R$ 19.00

CSNA3 BZ Equity
Neutral

Price: R$ 8.12 (07-Jul-2025)
Target Price 12M: R$ 9.50

USIM5 BZ Equity
Neutral

Price: R$ 4.39 (07-Jul-2025)
Target Price 12M: R$ 6.00

This scenario reinforces the thesis of **additional stimulus in 2H25**, focused on **consumption and urban employment**. At the same time, last week **Vale announced a guidance downgrade for pellets in 25E,** confirming the premiums decline and the downtrend in economic attractiveness for agglomerated products and high-quality iron ore, amid the recovery of port inventory in China (+1.2% in 3 weeks), with demand more focused on low grade and the recovery of spot prices to US$95.0/t (+1.3% w/w). Looking at mills, we observed a partial replenishment of steel inventories and **maintenance of the BFs utilization rate at 90.8%**. EAF mills, on the other hand, remain under pressure from negative margins and high scrap costs, accumulating a decline of -5.0p.p. in July.

We believe it is necessary to analyze the macro without losing focus on the micro. We consider that 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**).

China

Macroeconomics

Industrial PMI: Index rises but remains below 50pts. The official manufacturing PMI in June**,** measured by the NBS and released last week, rose to **49.7pts.** (+0.2pts. m/m; -0.1pts. vs. BBG consensus), signaling the third consecutive reading below the 50pts**,** threshold that separates expansion from contraction. On the positive side, **new domestic orders advanced to 50.2pts.** (+0.4pt. m/m), while purchasing volumes also crossed the expansionary barrier, rising to 50.2pts. (+2.4pts. m/m), indicating a modest recovery in domestic demand. The **improvement in supplier delivery times** reinforces the stabilization in the logistics chain, as well as suggesting some anticipation of orders due to inventory replenishment and seasonal preparations.

However, the industry fundamentals remain fragile. **New export orders remained in decline** for the 14th consecutive month, with a reading of 47.7pts. (-0.3pt. m/m), reflecting the persistent impact of external pressures, including trade barriers imposed by strategic partners. The industrial employment subindex fell to 47.8 pts. (-0.3pt. m/m), signaling **continued job cuts by factories**, which may indicate both an adjustment to demand and an attempt to preserve margins under pressure.

In addition, factory gate prices remained compressed, in line with the deflation of industrial goods observed in May's PPI data, suggesting limitations in the ability to pass on costs and fragility in the final pricing of manufactured products. In our view, the June data thus reflect a **one-off relief**, with **partial effects from US tariff easing** and domestic stimulus measures already in place. However, we believe that the PMI structure still suggests an uneven recovery, sustained more by inventory replenishment and a slight local improvement than by a firm and synchronized recovery of the manufacturing chain.

Table 1. China PMIs June 2025

June, 2025	Actual	Consensus	diff	Prior	diff
Manufacturing	49,7pts	49,6pts	+0,1pt	49,5pts	+0,2pt
Non-Manufacturing	50,5pts	50,3pts	+0,2pt	50,3pts	+0,2pt
Caxin Manufacturing	50,4pts	49,0pts	+1,4pt	48,3pts	+2,1pt
Caxin Services	50,6pts	50,9pts	-0,3pt	51,1pts	-0,5pt

Source: NBS, Caixin S&P, Bloomberg, Genial Investimentos

Non-Industrial and Composite PMI: Driven by the construction subindex. The non-manufacturing PMI in June**,** also released by the NBS**,** rose to **50.5pts.** (+0.2pt. m/m; +0.2pts. vs. BBG consensus), mainly supported by the **strong reading of the construction sub-index**, which reached **52.8pts.** (+0.4pt. m/m), the highest level in 3M. The performance reflects the continued momentum of **public investment in infrastructure**, often used as a tool to sustain activity in times of uncertainty. On the other hand, **consumer-oriented services** sectors, such as tourism, food, and logistics, performed weaker, still **pressured by low household confidence** and a fragile labor market.

The **composite PMI** (industrial + non-industrial) reached **50.7pts.** (+0.3pt. m/m), indicating a slight expansion in aggregate economic activity. However, the future expectations index declined in June, suggesting that companies remain cautious about the sustainability of the recovery amid the slow recovery in domestic consumption and the absence of consistent signs in the residential real estate sector. In this context, the non-manufacturing PMI reading reinforces our belief that the recent economic momentum remains concentrated in non-residential construction and government investment, while demand for services remains unstable, limiting the strength of the recovery. This increases market expectations that the government will promote **additional stimulus measures in 2H25**, focusing on consumption and urban job creation as key drivers for achieving the ~5% growth target in 2025.

Caixin Manufacturing PMI: Positive surprise, but still fragile. The Caixin Manufacturing PMI in June rose to **50.4pts.** (+2.1pts. m/m; +1.4pts. vs. BBG consensus)**,** returning to the **expansion zone after 3M of consecutive contraction** and **exceeding market expectations**. The performance was above the official Industrial PMI measured by the NBS (49.7pts.), reflecting a stronger recovery among small and medium-sized private industries, which benefited especially from seasonal promotions and a moderate reactivation of domestic demand. The increase in new domestic orders was the main improvement, lifting production to its highest level since November. The combination of increased order intake and reduced working capacity led to an accumulation of orders, something not seen in the last 3M. However, despite the positive sign, we believe that **significant vulnerabilities remain**. The **industrial employment sub-index continued to contract**, with job cuts mainly in small exporters operating at **negative margins**.

In addition, average selling prices fell at the fastest pace since January, reinforcing the diagnosis of deflationary pressures, even with a slight improvement in demand. At the same time, export costs continued to rise, pressured by freight and logistical constraints, which affected external competitiveness. **New export orders** remained **below the 50-pt. mark**, highlighting the slowdown in shipments abroad after China's decline amid the global trade scenario.

In short, we believe that the improvement in the Caixin PMI points to a **one-off cyclical inflection** but does not yet signal a sustained recovery. We believe that the improvement seems to stem from temporary factors—such as localized fiscal stimulus, temporary liquidity, and inventory replenishment—rather than a clear cycle of industrial recovery.

We note that **business confidence declined** in June and remains below the historical average, indicating that economic agents are still waiting for greater clarity on monetary and fiscal policy, as well as the outcome of a possible broader agreement between China and the US to establish bilateral tariffs. We believe that the context reinforces the expectation of further stimulus measures to support activity in 2H25.

Caixin Services PMI: Below consensus. The Caixin Services PMI in June fell to **50.6pts.** (-0.5pt. m/m; -0.4pt. vs. BBG consensus), reaching its **lowest level in 9M**. Although the reading remained in expansionary territory and was only slightly above the official indicator measured by the NBS (50.5pts.), the sequential contraction seems to point to a slowdown in the services sector, even in the face of important dates for retail, such as the 618-shopping festival. We believe this reveals a synchronized activity cooling in both segments—state-owned and private.
Even so, new domestic orders kept the overall indicator above the expansion zone, but with modest growth and less intensity than in previous months, in line with the consumption reassessment and signs of fiscal fatigue among local governments. Another negative highlight was the environment of **operating margin compression**. The prices charged sub-index fell to 48.9pts., the fifth consecutive month below the 50-pt. line, while the sub-input costs remained in moderate acceleration at 52.4pts. This combination of rising costs and falling prices reinforces our diagnosis of eroding profitability among retail companies. As a result, the **employment subindex** remained above 50pts. but fell to 51.1pts, revealing an acceleration pace in hiring personnel.

In summary, we believe that the result indicates a loss of thrust in Chinese growth, as the service sector begins to feel the effects of a more restrictive macro environment, with lower external momentum, compressed margins, and still depressed business confidence. Finally, the future expectations subindex fell to 58.7pts, the lowest level since January, reinforcing that economic agents remain in a wait-and-see mode for clearer and more forceful measures from the central government.

Policy and Market Sentiment

Central Economic Affairs Commission: Industry capacity cuts encouraged investors. The market reacted positively to President Xi Jinping's comments—made during a meeting of the Central Economic Affairs Commission—on the need to address deflationary pressures mainly through **cuts in manufacturing capacity**. With a lower supply of goods, the trend would be for prices to recover, helping to **purge the deflationary spiral**. In turn, with an improvement in the price environment, the durable goods industry would gradually improve its margins, which would help steel **mills to gain greater bargaining power with their clients to also raise prices**. As a result, the speech temporarily boosted steel prices in China and shares of companies in the sector in the middle of last week.

In the July 2 trading session, the most traded **futures contract** for **HRC** on the Shanghai Stock Exchange (SSE) closed at **¥3,191/t** (~US$445/t), up **+2.3%**. In the physical market, **spot prices** rose ¥40/t (~US$5.50) or **+1.2%**, accompanied by a recovery in trading volume.

A possible outcome would be that the central government could **accelerate capacity cuts in crude steel**, fueling speculation about coordinated supply actions. According to our survey, **new facilities** to produce **+101Mt of pig iron** and **+179Mt of crude steel** are expected to come online sometime between **2025-26**, based on the replacement of a similar amount of existing capacity. Therefore, in theory, the effect of commissioning would be neutral. However, we believe that the **cut in old capacity should slightly exceed the entry of new volume**, as the mandate seems to have accelerated in May. We maintain our expectation that crude steel production will suffer a **net reduction** of **-30Mt in 12M** (counted from May).

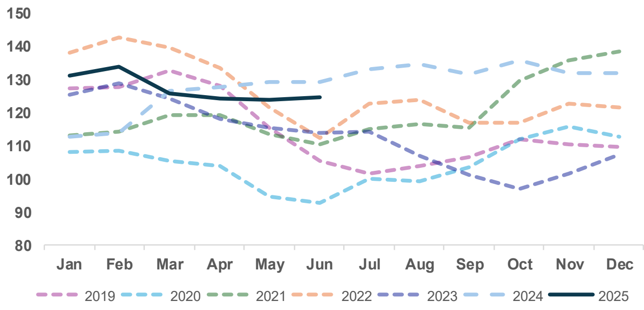
For the central government, the steel industry remains strategic, accounting for ~1.8 million direct jobs and a significant share of GDP — which makes any structural adjustment highly sensitive from a political standpoint. For the iron ore market, the potential rebalancing of supply and demand in steel would be positive, mainly due to the possibility of margin recovery and higher quality premiums, as in the case of pellets. However, with demand still under pressure — especially in the real estate sector — and no concrete measures so far, the outlook remains cautious. For now, we believe this is more of a **speculative move** than a factual turnaround.

Vale: Downgrade of guidance for pellets. Vale announced a downward revision to 25E of its **guidance for pellet production**, now set at **31–35Mt** (vs. 38–42Mt previously), representing a **-6.7% decline** vs. the middle of the previous range. According to the company, the softening of the market signal is a response to the adverse pricing environment. Although the decision comes as no surprise — according to our investor survey, many already believed that the company might not deliver on its previous guidance — given the depressed profitability levels of steel mills, we still believe that the adjustment is relevant and signals a **strategic readjustment**. We consider the measure aims to preserve value by prioritizing the **sale of pellet feed** as iron ore fines **over the palletization process** — especially in high-cost plants, where margins have been virtually wiped out. It is important to note that the annual iron ore production forecast was maintained at 325–335Mt.

Iron Ore and Steel

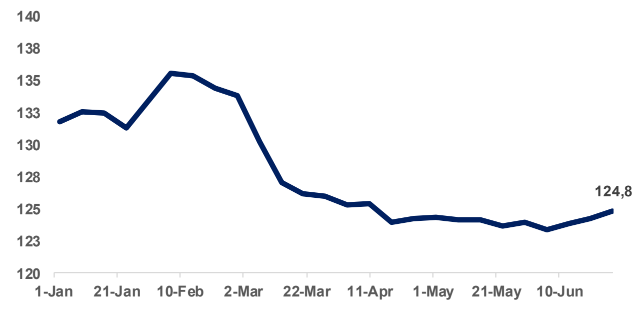
Iron Ore: Port inventory rose +1.2% in the last 3 weeks. According to our monitoring, **iron ore inventory** in the 45 main **Chinese ports** rose to **124.8Mt** (+0.5% w/w), a movement that combines a **(i)** robust flow of vessels arriving at ports with a **(ii)** weaker withdrawal of stockpiles by mills. On the one hand, June is on track to record the **highest import volume of the year**, driven by a simultaneous increase in Australian and Brazilian shipments, as well as opportunistic purchases by traders who took advantage of spot prices below US$95/t to rebuild their positions. This oversupply caused ship unloading to exceed daily withdrawals in virtually all monitored ports, sustaining cumulative weekly increases in stockpiling of +1.2% in the last 3W.

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

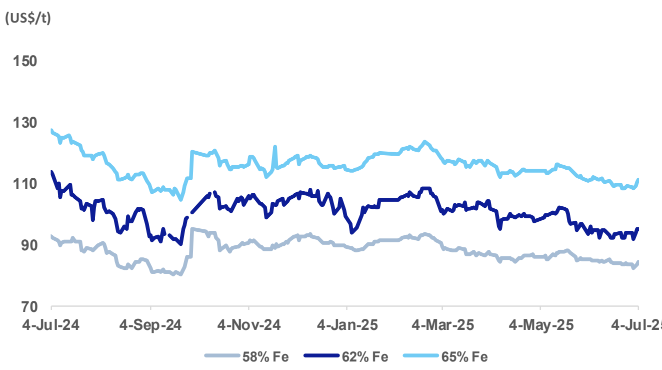
On the other hand, we believe that the **steel demand continues to lose momentum**. The prices of rebar and HRC remain below 2024 levels, undermining the incentive to replenish feedstock.

Occasional logistical bottlenecks caused by heavy rains in inland provinces in China slowed rail transport and contributed to higher port volumes. In this context of **growing seaborne supply and subdued consumption**, our weekly reading signals that port inventories may remain high in the coming rounds. It is worth noting that, compared to the average inventory of the last 5Y, port inventories remain in **excess supply** (+12.8% vs. 5Y average).

Iron Ore: Uplifting in prices reflects speculative move. Last week, the **price of iron ore** 62% Fe rose **to US$95.0/t** (+1.3% w/w). The movement began on the July 2, when the Central Economic Affairs Committee, led by Xi Jinping, promised to “curb price wars and eliminate obsolete capacity in the industry.” The **message was read positively by the market**, as we have already explained in the paragraphs above. At the same time, the PBoC announced an intensification of its monetary response, suggesting **further interest rate cuts and additional liquidity** before the Politburo meeting in July, strengthening the perception of support for activity. The combination of these news items **boosted iron ore prices last week**. On the supply side, three factors reinforced the bullish bias.

(i) Vale reduced its pellet guidance for 2025 by ~7Mt and brought forward maintenance shutdowns in São Luís (MA), raising doubts about the availability of higher quality product in 3Q25. **(ii)** Iron ore arrivals in China remain strong. Projections for June point to ~110Mt imported, the highest volume of the year, but much of this flow was still on-board vessels at the end of the month, limiting immediate availability in yards. Finally, short covering by traders, who had sold below US$93/t, completed the price adjustment. Thus, even with negative steel margins and high port inventories, the market priced in a risk premium, causing the curve to close the week at ~US$95/t. However, we believe that, given the continued weakness of the steel industry, the **sustainability of this increase will depend on the implementation of stimulus measures** and additional supply cuts in 3Q25.

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

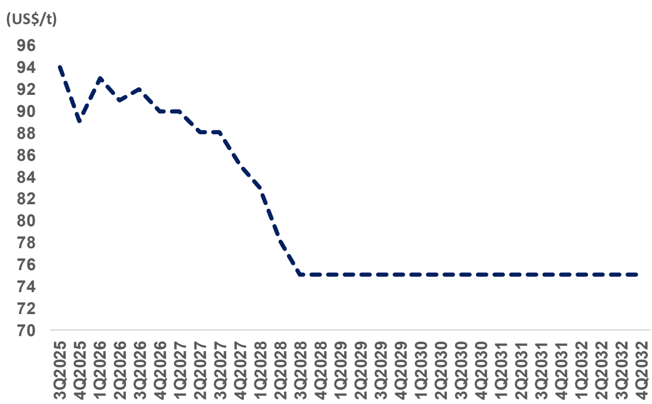


Source: Genial Investimentos

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)

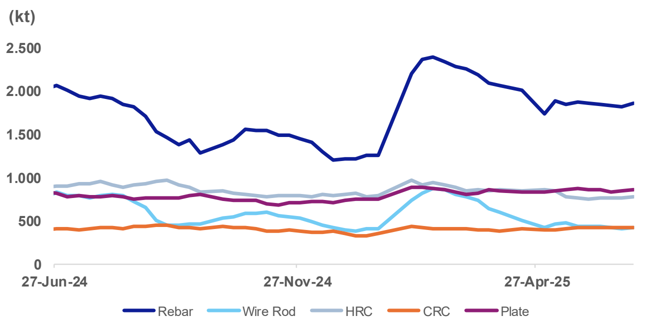


Source: Genial Investimentos

Steel: Inventory at mills rise after four weeks of decline. Last week, the combined **inventory** of the five main steel products monitored by us **at Chinese mills rose** to **4.3Mt** (+1.8% w/w), ending a 4W consecutive decline. In addition, total inventories of the same steel products held by Chinese traders fell to 14.8Mt (-0.1% w/w). We believe that this movement mainly reflects the mismatch between the advance in production—with a gradual resumption of operations after maintenance—and still weak final demand.

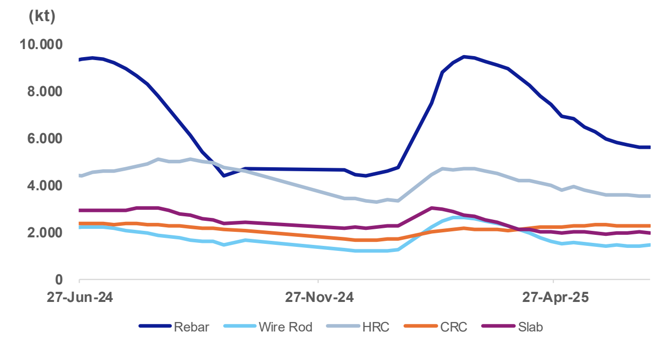
On the supply side, with the end of another round of maintenance on Blast furnaces (BFs) and rolling mills, we observed **weekly production** rising to **8.8Mt** (+1.4% w/w), exceeding demand growth and resulting in **involuntary inventory rebuilding**. In addition, **average daily sales fell** to **95Kt/day** (-2.7% w/w), pressured by weather factors that led to reduced demand, in addition to still weak profitability for resale operations, which led distributors to postpone new purchases. This scenario suggests a temporary imbalance between the entry of finished products and their withdrawal from mills, with no clear signs of an inflection point at the end of the chain.

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

Graph 6. Traders Steel inventory (130 major cities)



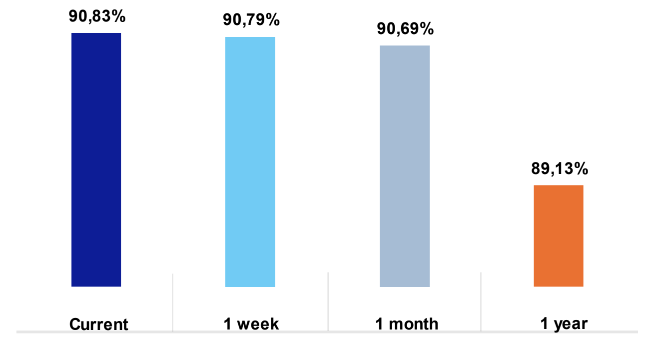
Source: My Steel, Genial Investimentos

Last week's reading reinforces the scenario of supply remaining more dynamic than consumption, with inventories growing even in the face of persistent sales, pointing to a more defensive stance by buyers in the current environment of prices and adverse weather. By product, the increase was driven by **(i) rebar**, which rose to **1.8Mt** (+1.8% w/w); **(ii) wire rod**, with **426Kt** (+4.3% w/w), signaling a possible tactical recovery; **(iii) HRC**, with **782Kt** (+2.2% w/w), indicating a slight recovery in supply from integrated mills; **(iv) CRC**, practically stable at **418Kt** (-0.3% w/w); and **(v) Slabs**, with a slight increase to **853Kt** (+1.3% w/w).

Steel: BFs utilization rate remains flat. The utilization rate of Blast furnaces (BFs) in the 247 mills monitored remained stable last week, registering **90.8%** (+0.1p.p. w/w). **Daily pig iron production** remained basically unchanged at **2.4Mt/day** (+0.1% w/w), after several weeks of decline, with no signs of a cycle turnaround. We believe that operational stability reflects a balance between recovery and restrictions. Some mills resumed operations after preventive maintenance was completed at the beginning of the month, while others are still operating under scheduled technical shutdowns, which is preventing a more robust expansion of domestic production.

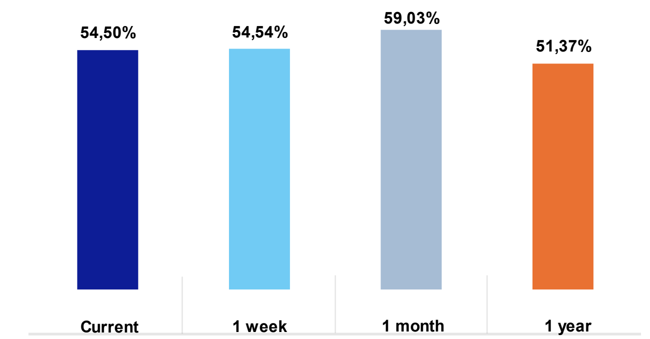
This compensatory movement has **sustained utilization at a high level**, without generating excessive pressure on supply. Another important factor driving this behavior is the maintenance of positive margins for ~60% of integrated mills, even in the face of persistent cooling in steel prices and resilient raw material costs. In this context, the decision by mills to maintain high production, but without significant acceleration, signals rationality in supply management. We believe that, while avoiding excessive inventory accumulation, operating margins are being preserved. Despite this, recent history reinforces cautious bias. In May, **crude steel production** fell **-6.9% y/y**, totaling **86.5Mt** — the lowest level for the month in the last 7Y. The data maintains a bearish tone among investors and supports the projection of a **30Mt cut in output over the next 12M** (counting from May), which would represent a 3-5% range of total production in 2024.

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 accumulates a decline of -4.5p.p in July. The **utilization rate** of mills operating via **electric arc furnaces** (EAF) remained virtually unchanged last week, registering **54.50%** (-0.1p.p. w/w). This stability comes after successive declines since the **peak of 59.03% on May 30**, accumulating a decline of **-4.5p.p. in 4W**. The current behavior suggests that a possible technical operating floor is approaching, at which point further reductions would only occur through complete mills shutdowns.

Our understanding is that the current level is sustained by a combination of factors. Among these, we highlight: **(i)** sharply compressed margins, with **losses exceeding -US$30/t in several mini-mills**. We believe that the lack of profitability had already forced **significant cuts between the end of May and mid-June**, leaving only the most efficient operations still in operation. In addition, we also point out **(ii)** structurally weak demand, with the real estate sector still sluggish (one of the largest consumers of steel from the EAF system), with insufficient economic stimuli to reverse the situation.

Finally, **(iii)** the pro-EAF thesis has lost traction, given the **high cost of scrap metal** – currently, the price of scrap in China is around **US$340/t**, which remains high and is an important factor in the operational decision-making dynamics of EAF mills, since compressed margins make it riskier to increase the utilization rate without expectations of a drop in scrap prices or an improvement in steel prices – and the logistical and regulatory obstacles that hinder the advancement of the electric route compared to BFs, whose utilization rate remains above 90%. In this scenario, the lateralization of operations does not represent a positive inflection point, but rather **a fragile balance between economic constraints and technical feasibility**, with the dynamic expected to remain tepid until there are clear signs of a reversal in fundamentals.

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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