Equity Research

Metals & Mining

From Macro to Micro: Over-promising and under-delivering

LatAm Metals & Mining

Main takeaways on China:

(i) Reassessment of gold reserves by the PBoC could generate up to ~US$181bn in accounting gains, covering ~25% of the projected deficit for 2025. This palliative measure reinforces fiscal credibility and strengthens the CNY's position but does not alter the structural debt trajectory; **(ii) The PBoC kept LPRs unchanged** (1Y at 3.0% and 5Y at 3.5%), reinforcing its preference for gradual and selective stimulus measures. The strategy seeks to preserve financial and exchange rate stability, although we see room for further interest rate cuts and reserve requirements throughout the year; **(iii)** Urban unemployment rose to **5.2%** (+0.2p.p. m/m), still within the official target, while youth **unemployment reached 17.8%** (+3.3p.p. m/m), the highest level in 12M. This movement reflects the entry of ~12.2 million new graduates into the market, highlighting a structural mismatch between training and the creation of higher value-added jobs; **(iv) Iron ore stocks in Chinese ports** reached **126.4Mt** (+0.4% w/w), the third consecutive week of increases and +10.7% above the 5A average. The increase reflects robust ship flows and weak withdrawals by mills, which continue to buy only on a just-in-time basis; **(v) The spot price of iron ore** (62% Fe) fell to **~US$100/t** (-0.8% w/w), the second consecutive week of adjustment after peaking above US$105/t on Aug. 13. Volatility remains high, with seasonal factors (September) and noise about steel tariffs in the US adding uncertainty; **(vi) Steel inventories** rose to **4.3Mt** (+3.0% w/w), reversing four weeks of decline. The movement reflects the resumption of production and weak demand. Rebar (1.7Mt; +2.4% w/w) and wire rod (485Kt; +8.1% w/w) stood out. **(vii) Blast furnaces (BFs)** maintained high utilization rates at **~90.2**% (+0.1p.p. w/w), close to the **highs in 17M**. Despite the weaker price environment, **~60%** of mills continue to report positive margins. Even so, projections indicate the need for a **30–90Mt** cut in production over the next 12M, mainly due to environmental targets; **(viii) Electric arc furnaces (EAFs)** maintained utilization at **~57.4%** (+0.5p.p. w/w), with a marginal recovery compared to July. The route remains under pressure from high scrap costs (~US$225/t) and high energy intensity, maintaining a structural disadvantage compared to BFs.

This week's series is part of the **"From macro to micro"** series. This report refers to **week 4 of August 2025**. Right at the start of the formulation of the **15th "Five-Year Plan"**, the Chinese government once again highlighted measures to **expand domestic demand** and **stabilize employment** as strategic priorities. Although rhetoric reinforces concerns about consumption and the labor market, we believe this is yet another sign of **over-promising and under-delivering**: there are many statements in government speeches that are ambitious in terms of structural transformation of the economy, but with little practical effectiveness and no concrete measures announced. More about that further down.

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Companies

VALE US Equity
Buy

Price: US$ 10.14 (26-Aug-2025)
Target Price 12M: US$ 11.60 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 64.50 (B3)

CMIN3 BZ Equity
Neutral

Price: R$ 5.03 (26-Aug-2025)
Target Price 12M: R$ 5.75

GGBR4 BZ Equity
Buy

Price: R$ 16.68 (26-Aug-2025)
Target Price 12M: R$ 20.00

CSNA3 BZ Equity
Neutral

Price: R$ 7.24 (26-Aug-2025)
Target Price 12M: R$ 9.00

USIM5 BZ Equity
Neutral

Price: R$ 4.19 (26-Aug-2025)
Target Price 12M: R$ 4.75

In addition, in recent weeks, the economic debate in China has taken on new contours with the discussion of a possible **revaluation of gold reserves by the PBoC**, a measure that could generate accounting gains of up to **~US$181bn** and alleviate part of the **fiscal deficit projected for 25E**. Although this is essentially a palliative solution, we believe that the initiative reinforces the government's efforts to preserve fiscal credibility and strengthen the CNY's position in the global scenario. In the monetary field, the **PBoC opted to keep LPRs unchanged** (1-Y at 3.0% and 5-Y at 3.5%). This stance seeks to balance the need to support activity with the preservation of financial stability and the RMB/USD FX rate, although we see room for additional interest rate cuts and reserve requirement ratio reductions throughout the year.

In the labor market, the **urban unemployment rate** rose marginally to **5.2%** (+0.2p.p. m/m), but the negative highlight was the **escalation of youth unemployment** to **17.8%** (+3.3p.p. m/m). This reading highlights a structural mismatch between academic training and job creation in higher value-added sectors, reinforcing the need for policies aimed at hiring young people and accelerating the economic transition to services and technology. On the commodities front, **62% Fe iron ore** remained under pressure: port inventories reached 126.4Mt (+0.4% w/w), the third consecutive weekly increase, in a context of robust supply from Australia and Brazil and weak domestic demand.

The **spot price** fell to ~**US$100/t** (-0.8% w/w), reflecting this oversupply, although short-term volatility remains high with the approach of Sep. seasonality. In the **steel** market, inventories also rose again (+3% w/w), supported by the recovery in blast furnace (BF) production, while final demand remains limited. BFs maintain a **utilization rate** of **90.2%** (+0.1p.p. w/w), while EAFs closed the week at 57.4% (+0.5p.p. w/w). Overall, the scenario reinforces that, although there is temporary support from fiscal measures and expectations of monetary stimulus, the structural balance remains marked by a slowdown in demand for steel, coupled with excess supply, which maintains a more cautious bias for assets linked to the Metals and Mining chain.

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).**

China

Macroeconomics

Reassessment of gold reserves by the PBoC may reduce fiscal deficit. We believe it is important to mention the possibility of a **revaluation of gold reserves** by the PBoC as an accounting instrument with strong fiscal and symbolic appeal. Considering that the assets are recorded at **historical prices well below current market** point (US$829/oz vs. US$3,300/oz), a repricing **could generate ~US$181bn in accounting profits**. This amount would have a direct impact on the Ministry of Finance's (MOF) ability to reduce part of the fiscal imbalance projected for 2025, covering ~25% of the deficit (the target is 4% of GDP), alleviating immediate fiscal pressures in a scenario of growing debt. However, we believe that this is essentially a palliative measure with no structural effect on the debt trajectory.

From a strategic standpoint, a higher proportion of gold on the PBoC's balance sheet would reinforce the credibility of the CNY and be in line with China's ambition to consolidate the currency as a global reserve alternative. Furthermore, if the US moves forward with a similar revaluation, the likelihood of China adopting an equivalent measure increases significantly, inserting gold as a relevant component of the geoeconomic competition between the USD and CNY.

PBoC keeps interest rates unchanged. On Wednesday last week (August 20), the PBoC's monetary policy committee decided to keep the **LPR-1 at 3.0% and the LPR-5 at 3.5%.** This reinforces our view that the central government is opting for gradual and selective stimulus, avoiding more aggressive moves that could compromise financial stability and FX rate dynamics. Despite the clear slowdown in economic activity—marked by **(i)** a contraction in corporate credit, **(ii)** weak consumption, and **(iii)** negative pressures on industrial production—we believe that the PBoC is giving preference to calibrating liquidity through short-term instruments (such as **reverse repos** and **SLF**) rather than abruptly reducing benchmark rates. The stability of LPRs indicates a **trade-off between stimulating domestic growth and preventing capital flight** in the context of high-interest rate differentials vis-à-vis the US. A stronger cut could put pressure on the CNY, already weakened by outflows, and undermine confidence in the monetary regime.

Thus, the PBoC is choosing to preserve room for maneuver for the future, awaiting further signs of deflation saturation and a clearer picture of domestic demand before making further cuts, especially in the event of a tariff agreement between the US and China. Even though the tone is more conservative, from an inflationary perspective, we continue to emphasize that there is room for more aggressive maneuvers. Therefore, we expect further **monetary easing**, including interest rate cuts and reductions in the reserve requirement ratio (RRR) later this year. We have revised our projection for an **additional cut** to **-20bps in LPRs by the end of the year** (vs. -30bps previously). The 5-Y LPR is the benchmark for mortgages and is therefore more relevant for developers and residential buyers. The cumulative decline of -70bps since July last year (4.2% → 3.5%) highlights the effort to soften the severe downturn in the real estate sector.

Furthermore, the decision to keep rates flat for the time being helps to **preserve net interest margins** (NIM) **in the banking system**. It is important to note that additional cuts would compress commercial banks' spreads, especially those with state ownership. So, there is a counterweight from the central government in observing the gap between interest rates and inflation, while still ensuring the profitability of state-owned banks. We believe it is possible that interest rates will decouple from inflationary fundamentals.

Youth unemployment is on the rise, despite overall stability. The NBS released the **urban unemployment rate** early last week, which registered a **+0.2p.p. m/m** increase, reaching **5.2%**, still within the official target of 5.5%. The slight increase signals a worsening not only in the aggregate labor market but also highlights the continued deterioration of the index among younger people. The unemployment rate for the **16-24 age group** (excluding students) rose to **17.8%** (+3.3p.p. m/m), the **highest level in the last 12M**. This movement reflects the incorporation of ~12.2 million graduates this summer (Jun-Aug), increasing pressure on job demand.

While the 25-29 age group showed a slight increase to 6.9% (+0.2p.p. m/m) and the 30-59 age group remained basically stable at 3.9% (-0.1p.p. m/m), the jump observed in the youth segment reinforces a structural mismatch between the pace of academic training and job creation in higher value-added sectors. These dynamic highlights the limitations of the Chinese economy in absorbing the expansion of the skilled workforce, even in the face of the resilience of the aggregate labor market.

In the short term, we expect the central government to adopt additional measures to stimulate hiring, such as subsidies and incentives for companies that employ recent graduates, in line with initiatives implemented in previous years. Structurally, the data reinforces the need to accelerate the economic transition, with greater emphasis on services, technology, and domestic consumption. Otherwise, the persistence of a gap between supply and demand for skilled labor tends to keep youth unemployment high, with potential repercussions on consumer confidence, social stability, and the **pace of expenditure vs. savings**, making it more difficult to break the deflationary spiral.

Policy and Market Sentiment

Evergrande ceases trading in Hong Kong after restructuring failure. The definitive delisting of Evergrande from the Hong Kong Stock Exchange (SEHK) reinforces the degree of structural deterioration in the Chinese real estate sector. Despite successive restructuring attempts since 2021, we believe that the developer **has failed to present a viable plan to reorganize its debt**, highlighting the inability of leveraged private players to access pragmatic rescue or state-led absorption mechanisms. In our view, the case symbolizes the scale of the crisis in the sector: even a company that was once one of the largest real estate developers in the country, with a strong systemic effect, did not obtain sufficient support to preserve its operations in an orderly manner. The episode highlights both the **pressure that the housing crisis continues** to exert on the financial stability of households— ~70% of Chinese wealth was built up through real estate purchases— and the limitations of the authorities in offering universal solutions without running into moral hazard issues. In the absence of a more solid recovery in the real estate market, new waves of defaults and liquidation are likely to occur, prolonging the sector's structural adjustment.

Next Politburo may bring news, but rhetoric remains vague. The Chinese central government announced today (Aug. 25) that the National Development and Reform Commission (NDRC) will draft the **next 15th "Five-Year Plan",** which will include measures to **expand domestic demand and stabilize employment.** The plan is expected to be presented at the next **Politburo meeting in September**. The NDRC is likely to reinforce the authorities' structural concerns about weakening consumption and address youth unemployment. In our view, the statement reflects an attempt to balance the challenges of an economy facing deflation, industrial overcapacity, and a crisis-hit real estate market, while at the same time needing to sustain consumers' confidence. The emphasis on **domestic demand** marks a **gradual shift away** from excessive reliance on **investment and exports**, signaling greater efforts to direct resources to **(i)** services, **(ii)** technology, and **(iii)** green transition sectors.

However, the fact that the issue is being included in long-term planning rather than immediate measures suggests that the response is likely to be more structural than cyclical. In practice, this translates into the view that the **government recognizes the economical fragility** and is preparing a framework to mitigate social risks (employment and income), **albeit without offering large-scale stimulus in the short term**. Although the discourse reinforces concerns about consumption and the labor market, we believe that this is yet another sign of **over-promising and under-delivering**: there are many statements in government speeches that are ambitious in terms of structural transformation of the economy, but with little practical effectiveness and no concrete measures announced.

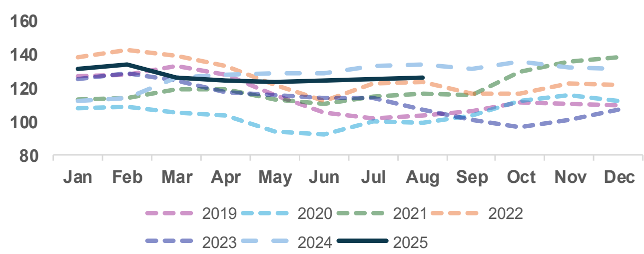
Iron Ore and Steel

Iron ore: port inventory rises and puts pressure on prices. We found that **iron ore inventory** in the 45 main Chinese ports reached **126.4Mt** (+0.4% w/w), marking the third consecutive week of increases. Although volumes are down **-4.1% YTD**, they remain +**10.7% vs. 5-Y average**, pointing to a relative supply surplus. We must also consider that several mining companies (including Vale) are creating hubs in Chinese ports, which has influenced the accumulated volume in ports vs. historical levels. We believe this movement is explained by the combination of robust ship arrivals (+24.8Mt between Aug. 11-17, +4% w/w) and weaker withdrawals from inventory by mills, which continue to purchase iron ore only on a just-in-time basis.

On the **supply side**, the Aug. data confirmed the simultaneous shipments resumption from Australia and Brazil, both entering the seasonally more favorable period, which increased seaborne availability. We note that this upsurge is occurring in parallel with opportunistic purchases by traders, who took advantage of the contraction in the spot price of 62% Fe ore (-4.8% in 14 days) to rebuild positions, pushing inventories up. On the **demand side**, traction remains limited: rebar and HRC prices linger below last year's levels (which were already low), reducing the incentive for mills to increase feed stock consumption. In addition, domestic logistical bottlenecks — especially rains in regions with rail transport — contributed to keeping volumes stagnant at ports. It is also worth noting the additional pressures from steel production suspensions in Tangshan, linked to the **military parade on Sep. 3**.

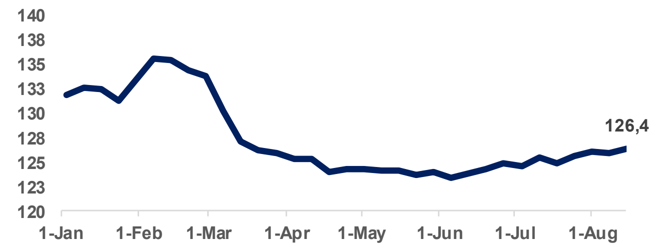
In summary, our current view is that inventories are structurally above the historical average, fueled by **higher external supply** and **still weak domestic demand**. Although **daily pig iron production** remained at **2.4Mt/day** (did not decrease), the imbalance between supply and consumption translates into a downward bias for prices in the short term.

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



Source: Bloomberg, Genial Investimentos

Graph 2. Iron ore port inventory 2025 (Mt)

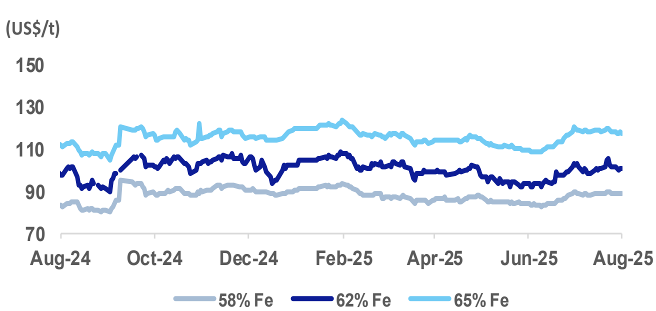


Source: Bloomberg, Genial Investimentos

Iron ore: prices remain under pressure, but with short-term volatility. Last week, the 62% Fe iron ore curve on the spot market closed at a **price** of **US$100.3/t** (-0.8% w/w), marking the second consecutive week of adjustments after the recent peak above US$105/t (Aug. 13). The movement reflects the combined impact of the Chinese rebuilding port inventories — which reached 126.4Mt (+0.4% w/w) — and the perception of weaker demand from mills. Despite the correction, the market remains highly volatile, with short-term support factors still present. Among these, the following stand out: **(i)** sharp contraction YTD on metallurgical coal prices, which help sustain steel margins and, consequently, demand for iron ore (low quality); **(ii)** speculative movements by traders, which add daily volatility, especially after short covering operations carried out below US$93/t (62% Fe spot); and **(iii)** the seasonal expectation of stronger demand in September, traditionally considered a peak period for the steel industry in China.

In addition, recent turbulent news flow about additional steel tariffs by the US adds an extra vector of uncertainty to the risk balance. In summary, last week's correction reinforces the medium-term downside bias, due to robust supply and weakening domestic consumption. However, in the short term, volatility should remain elevated, with prices fluctuating between US$90-100/t. It is important to note that, for now, we maintain our forecast of **US$94/t** for **3Q25E** and **US$89/t** for **4Q25E**, as capacity cuts are likely to take shape alongside increased supply from the seasonally more favorable period in H2.

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

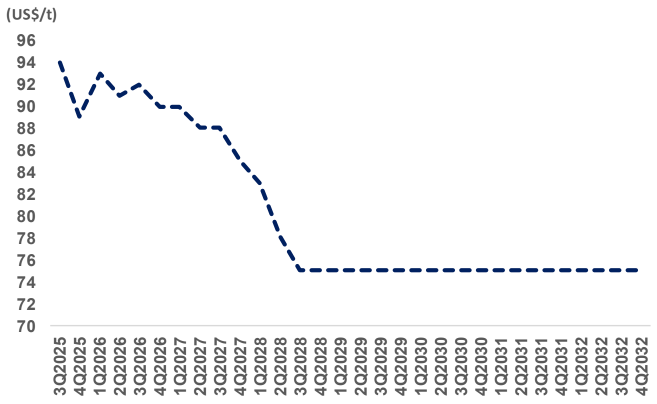


Source: S&P Platts, Genial Investimentos

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)

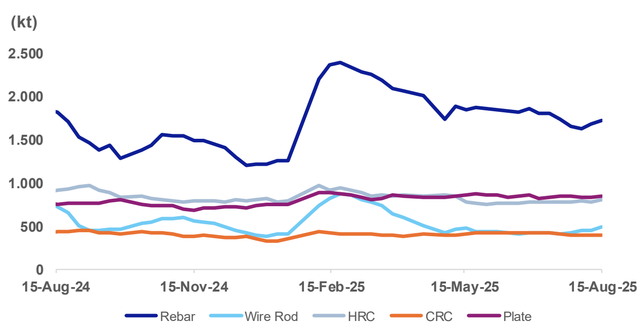


Source: Genial Investimentos

Steel: Steel inventories rise again. Last week, combined inventories of the five main steel products monitored in Chinese mills rose to **4.3Mt** (+3.0% w/w), reversing the trend of four consecutive weeks of decline. The movement reflects the mismatch between the gradual resumption of production—after maintenance on blast furnaces (BFs) and rolling mills—and still weak final demand. On the distributor side, daily average sales fell to lower levels, pressured by adverse weather (high temperatures and rains) and reduced resale margins, factors that inhibit inventory replenishment. The breakdown by product shows widespread growth: **rebar** (1.7Mt; +2.4% w/w) and **wire rod** (485Kt; +8.1% w/w) led the increase, followed by **HRC** (800Kt; +2.7% w/w), **CRC** (396Kt; +2.1% w/w) and **slabs** (848Kt; +1.9% w/w). Overall, weekly production growth, still supported by the good profitability of blast furnaces, exceeded market absorption, leading to an involuntary replenishment of inventories.

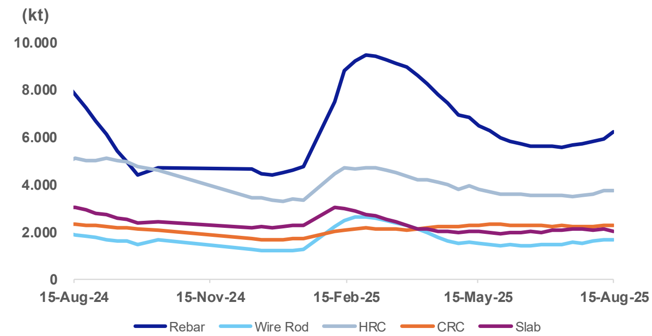
In addition to this temporary imbalance between supply and demand, some structural factors help explain the increase in inventories: **(i)** margins at integrated mills remain favorable, encouraging the iron ore and coke coal replenishment for steel production even with demand still weak; **(ii)** steel exports remain at considerable levels (~12% of total), encouraging the maintenance of production rates despite lower domestic absorption; **(iii)** anticipation of **temporary restrictions** imposed by the central government—especially in the Tangshan region—due to the **military parade on Sep. 3**, in order to reduce pollution during the spectacle, which led some **mills to build up preventive inventories**; and **(iv)** the persistent weakness of the real estate sector, which continues to drag down domestic demand after the peak period for civil construction (Mar-May) and contributes to the accumulation of finished products. From a structural perspective, the pattern of **high supply vs. weak demand** remains unchanged. Final consumption remains limited by a combination of unfavorable weather (summer rains), low willingness to stockpile further ahead, and slow construction activity.

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

Graph 6. Traders Steel inventory (130 major cities)



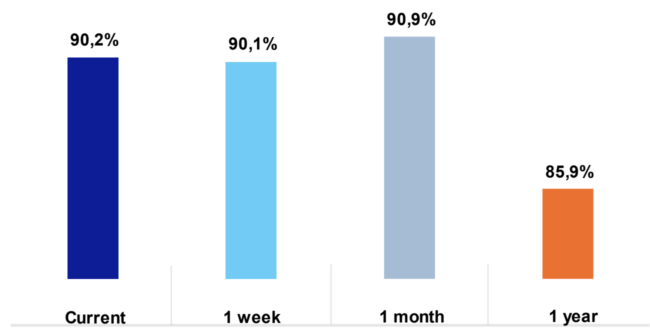
Source: My Steel, Genial Investimentos

In addition, the persistence of just-in-time purchasing by end users reinforces the perception of caution and indicates that the chain should continue to face pressure to adjust margins. The scenario suggests that the **accumulation trend** of steel stockpile for construction **should continue**, especially if there are no additional production restrictions. The continuation of this **imbalance** increases the risk of **downward pressure** on **spot steel prices**, although industrial policy stimulus or capacity cuts could alleviate this imbalance.

Steel: BF utilization rates remain high, but scenario remains challenging. Our checks show that last week the average **utilization rate** of blast furnaces (**BFs**) at the 247 mills monitored remained virtually **stable** at **90.2%** (+0.1p.p. w/w), close to the **highest level in the last 17M**. Daily pig iron production followed suit, registering **2.4Mt/day**, flat compared to the previous week. The reading reinforces the balance between **(i)** some unit's resumption recently out of preventive maintenance and **(ii)** the continuation of technical stoppages and temporary shutdowns due to the military parade, which limited further production acceleration. The stable behavior of the BF route indicates that, despite the weaker price environment, ~**60% of integrated mills** are still operating **with positive margins nowadays**, after a partial recovery vs. last year, mainly due to input prices (especially coal). This movement also reflects the rationality of mills in managing supply: **avoiding excessive cuts that compromise margins** (with less possibility of diluting fixed costs)**,** but also not accelerating production in the face of inventories that are already recovering.

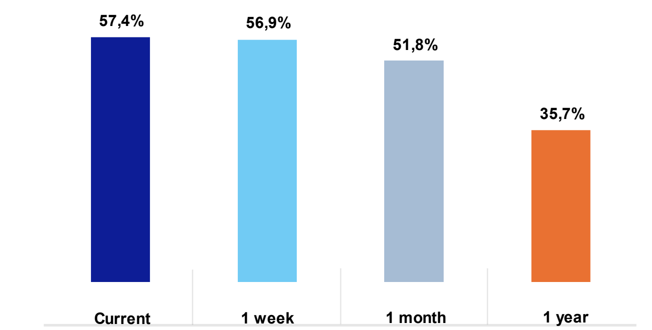
From a broader perspective, the sector still faces **significant structural pressures**. In June, crude steel production fell **-9.2% y/y**, totaling **83.2Mt** — the lowest level for the month in 7Y. In addition, we note that the Centre for Research on Energy and Clean Air (CREA) report indicates that China will need to **cut -90Mt** of **BF production 25E** to meet its decarbonization targets, which corresponds to a reduction of ~10% of total production in 2024. Even so, the maintenance of high utilization rates suggests that, in the short term, **supply will remain resilient**, supported by still positive margins and outflow via exports. However, the combination of **(i)** growing environmental pressures; **(ii)** signs of structural overcapacity; and **(iii)** domestic weakness, mainly in the real estate sector, **maintains the bearish bias** for the industry over the 12M horizon, with expectations of **gradual production cuts** in the range of **30Mt net, b**ecause it has new capacity coming in and old capacity going out in 12M.

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 remains flat, but structural dynamics remain fragile. The **utilization rate** of electric arc furnaces (EAFs) reached **57.4%** (+0.5p.p. w/w), according to data we observed last week, displaying marginal increase. In a monthly comparison, the indicator shows a significant recovery compared to mid-July (+5.6p.p. m/m), in addition to a significant upsurge of +21.7p.p. y/y. Despite this one-off improvement, we believe that the medium-term trajectory should continue to reflect the environment of compressed margins and high scrap metal costs. The recent sustainability of the **55–57%** level stems from three main factors: **(i)** supply rationalization after significant cuts between May-Jun, when several mini-mills operating in the red suspended activities; **(ii)** recent and still relative stability in scrap prices, which stood at ~**US$225/t** for **HMS 1** — in line with the US, but still quite elevated vs. normal levels for Chinese standards; and **(iii)** marginal support from industrial stimulus measures, which have ensured demand in specific segments linked to manufacturing (durable goods) and the energy transition. Even so, this cost level remains sufficient to **put pressure on the margins of EAF mills**, given their high electricity consumption and lower competitiveness compared to BF mills.

From a structural standpoint, the EAF route continues to be at a disadvantage compared to BF-BOF, both in terms of costs and supply stability. The **share of EAFs** in the national production mix remains at **10–12%**, well **below the official target** of **15% 25E** and far from the global average (~30%). Among the obstacles, we highlight the high cost of electricity, the irregular scrap supply, and unequal competition with BFs, which continue to operate at utilization rates above 90% and with margins that are still positive (albeit not very stretched). In this context, we believe that the lateralization of EAF use should be seen less as a sign of recovery and more as a fragile balance between economic constraints and technical feasibility.

Appendix: Vale

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

Income Statement	2025E	2026E	2027E	2028E	2029E
Net Revenue	**26.082**	**38.348**	**38.821**	**39.690**	**40.484**
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
Gross Profit	**8.780**	**14.001**	**13.142**	**12.693**	**12.114**
(-) Expenses	(1.542)	(1.798)	(2.427)	(2.099)	(1.675)
Adjusted EBITDA	**13.764**	**15.904**	**15.075**	**14.665**	**14.121**
(-) D&A	(2.165)	(2.965)	(3.019)	(3.084)	(3.149)
EBIT	**11.600**	**12.939**	**12.055**	**11.581**	**10.972**
(+/-) Financial Result		(661)	(249)		
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
Net income	**10.624**	**9.853**	**9.569**	**9.410**	**9.237**
Profitability					
Net margin (%)	40,7%	25,7%	24,6%	23,7%	22,8%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E	2029E
Net Revenue	**26.082**	**38.348**	**38.821**	**39.690**	**40.484**
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Adjusted EBITDA	**13.764**	**15.904**	**15.075**	**14.665**	**14.121**
Adjusted EBIT	**11.600**	**12.939**	**12.055**	**11.581**	**10.972**
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
(+) D&A	2.165	2.965	3.019	3.084	3.149
(+/-) Brumadinho and Samarco	(531)	(989)	(661)	(831)	(199)
(+/-) Δ WK	424	1.139	(506)	372	(220)
(-) Capex	(4.162)	(3.910)	(4.223)	(4.382)	(4.382)
FCFF	**7.265**	**9.718**	**7.448**	**7.497**	**6.896**

Appendix: CMIN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**15.091**	**15.205**	**16.609**	**18.149**
(-) COGS	(8.506)	(8.457)	(8.445)	(9.730)
Gross Profit	**6.585**	**6.748**	**8.163**	**8.419**
(-) Expenses	(1.581)	(2.569)	(2.637)	(2.739)
Adjusted EBITDA	**5.003**	**5.115**	**6.352**	**6.429**
(-) D&A	(1.196)	(1.244)	(1.320)	(1.421)
Adjusted EBIT	**3.807**	**3.871**	**5.032**	**5.008**
(+/-) Financial Result	(1.246)	(1.080)	(942)	(773)
(-) Taxes	(563)	(907)	(612)	(436)
Net Income	**1.998**	**1.884**	**3.478**	**3.799**
Profitability				
Net margin (%)	13,2%	12,4%	20,9%	20,9%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**15.091**	**15.205**	**16.609**	**18.149**
(-) COGS	(8.506)	(8.457)	(8.445)	(9.730)
Adjusted EBITDA	**5.003**	**5.115**	**6.352**	**6.429**
EBIT	**3.807**	**3.871**	**5.032**	**5.008**
(-) Taxes	(563)	(907)	(612)	(436)
(+) D&A	1.196	1.244	1.320	1.421
(+/-) Δ WK	20	113	139	646
(-) Capex	(1.584)	(1.807)	(2.078)	(2.409)
FCFF	**2.877**	**2.514**	**3.800**	**4.231**

Appendix: Gerdau

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**73.095**	**77.049**	**74.109**	**72.940**
(-) COGS	(63.232)	(65.221)	(63.430)	(62.197)
Gross Profit	**9.863**	**11.827**	**10.679**	**10.744**
(-) Expenses	(2.343)	(2.414)	(2.335)	(2.300)
Adjusted EBITDA	**12.377**	**14.688**	**13.609**	**13.735**
(-) D&A	(3.720)	(3.981)	(4.220)	(4.441)
EBIT	**7.991**	**10.184**	**9.085**	**9.173**
(+/-) Financial Result	(1.630)	(1.170)	(643)	-809
(-) Taxes	(1.465)	(1.469)	(1.636)	(1.564)
Net income	**4.896**	**7.545**	**6.806**	**6.800**
Profitability				
Net margin (%)	6,7%	9,8%	9,2%	9,3%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**73.095**	**77.049**	**74.109**	**72.940**
(-) COGS	(63.232)	(65.221)	(63.430)	(62.197)
Adjusted EBITDA	**12.377**	**14.688**	**13.609**	**13.735**
EBIT	**7.991**	**10.184**	**9.085**	**9.173**
(-) Taxes	(1.465)	(1.469)	(1.636)	(1.564)
(+) D&A	3.720	3.981	4.220	4.441
(+/-) Δ WK	-1.396	568	289	491
(-) Capex	(5.927)	(6.001)	(6.075)	(6.151)
FCFF	**2.924**	**7.263**	**5.883**	**6.391**

Appendix: CSN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**46.933**	**48.471**	**53.148**	**57.772**
(-) COGS	(34.837)	(34.665)	(37.687)	(40.543)
Gross Profit	**12.096**	**13.806**	**15.461**	**17.230**
(-) SG&A and others	(1.585)	(1.475)	(1.346)	(1.233)
Adjusted EBITDA	**10.511**	**12.331**	**14.115**	**15.997**
(+/-) Financial Result	(5.848)	(4.977)	(4.625)	(5.144)
EBT	**473**	**3.093**	**4.940**	**6.008**
(-) Taxes	(364)	(1.052)	(1.679)	(2.043)
Net Income	**109**	**2.041**	**3.260**	**3.966**
Profitability				
Net Margin (%)	0,23%	4,21%	6,13%	6,86%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**46.933**	**48.471**	**53.148**	**57.772**
(-) COGS	(34.837)	(34.665)	(37.687)	(40.543)
Adjusted EBITDA	**10.511**	**12.331**	**14.115**	**15.997**
Adjusted EBIT	**6.321**	**8.070**	**9.564**	**11.152**
(-) Taxes	(364)	(1.052)	(1.679)	(2.043)
(+) D&A	4.190	4.261	4.551	4.845
(+/-) Δ WK		(11)	(1.039)	(528)
(-) Capex	(4.908)	(5.041)	(5.041)	(5.041)
FCFF	**5.299**	**6.227**	**6.356**	**8.384**

Appendix: Usiminas

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**26.562**	**27.688**	**28.684**	**29.807**
(-) COGS	(24.449)	(25.617)	(26.274)	(27.732)
Gross Profit	**2.113**	**2.071**	**2.410**	**2.075**
(-) Expenses	(1.009)	(853)	(885)	(911)
Adjusted EBITDA	**2.132**	**2.097**	**2.414**	**2.039**
(-) D&A	(1.223)	(1.225)	(1.223)	(1.203)
EBIT	**1.116**	**1.218**	**1.525**	**1.163**
(+/-) Financial Result	(52)	(290)	(102)	(116)
(-) Taxes	(151)	(247)	(740)	(494)
Net income	**816**	**680**	**683**	**553**
Profitability				
Net margin (%)	3,1%	2,5%	2,4%	1,9%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**26.562**	**27.688**	**28.684**	**29.807**
(-) COGS	(24.449)	(25.617)	(26.274)	(27.732)
Adjusted EBITDA	**2.132**	**2.097**	**2.414**	**2.039**
EBIT	**1.116**	**1.218**	**1.525**	**1.163**
(-) Taxes	(151)	(247)	(740)	(494)
(+) D&A	1.223	1.225	1.223	1.203
(+/-) Δ WK	(181)	293	(128)	61
(-) Capex	(1.282)	(1.282)	(1.026)	(975)
FCFF	**725**	**1.206**	**854**	**959**

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