

Metals & Mining

From Macro to Micro: Two-faced recovery

LatAm Metals & Mining

Main takeaways on China:

(i) Official manufacturing PMI continues to contract; the index advanced to **49.4pts** (+0.1pts m/m), the 5th month below 50pts; highlighted by the production sub-index at 50.8pts (+0.3pts m/m) and high-tech manufacturing at 51.9pts (+1.3pts m/m); (ii) **Services PMI** sustains composite reading; the non-manufacturing index reached 50.3pts (+0.2pts m/m), driven by services at 50.5pts, while construction fell to 49.1pts; (iii) **Caixin manufacturing PMI** surprises positively, reaching **50.5pts** (+1.0pts m/m), the highest level in 5M; the movement was sustained by new domestic orders, but exports continue to decline for the 5th consecutive month, impacted by US tariffs; (iv) The **industrial labor market** remains under pressure; the Caixin employment subindex pointed to contraction for the fifth consecutive month, while input costs grew at the strongest pace since November 2023, squeezing margins in the face of difficulties in passing on costs; (v) Industrial profits continue to fall; in July 2025, they fell -1.5% y/y, accumulating -1.7% YTD; state-owned companies led the decline (-7.5% y/y), while private and foreign companies recorded modest gains (+1.8% y/y); (vi) **Iron ore stocks** at ports fell to **125.4Mt** (-0.2% w/w), after peaking at 131Mt on August 15; the decline reflected higher demand from mills, with pig iron production at 2.5Mt/day (+0.2% w/w), in addition to anticipation of purchases due to rumors of restrictions in Tangshan; (vii) The spot price of iron ore recovered to above US\$100/t, closing the week at US\$102.3/t (+2.3% w/w); the movement was sustained by the appreciation of the CNY, higher pig iron production, and improved sentiment after easing trade tensions between the US and China; (viii) **Steel stocks** fell to **4.2Mt** (-0.3% w/w), after three weeks of increases; more significant declines in HRC (-1.4%), CRC (-2.2%), and thick plates (-1.1%) offset the marginal increase in rebar (+1.3%); (ix) **BFs** maintained a high utilization rate of **90.3%** (+0.1p.p. w/w), close to the 17M highs; despite weaker prices, ~60% of mills are operating with positive margins after the decline in metallurgical coal (-4.8% YTD); (x) EAFs recorded a slight decline to 56.7% (-0.7p.p. w/w), but remain well above 2024 (+22.5p.p. y/y); even so, the route remains limited by high energy costs and irregular scrap supply (~US\$230/t).

This is another edition of our weekly report on the **Metals & Mining** sector, focused on **China** with chapters on **Macroeconomics**, 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 September 2025**. The official PMIs for Aug., released by the NBS at the end of last week, reinforced the picture of a **two-faced recovery** in the Chinese economy. On the one hand, the **manufacturing PMI** advanced less than expected to **49.4pts** (+0.1pts m/m; -0.1pts vs. BBG consensus), remaining in contraction for the fifth consecutive month, but with signs of improvement in the production sub-indices (50.8pts; +0.3pts m/m) and new orders (49.5pts; +0.1pts m/m), on the other hand, the **non-manufacturing PMI** not only expanded to **50.3pts** (+0.2pts m/m), but also slightly exceeded the street (+0.1pts vs. BBG consensus).

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Companies

VALE US Equity

Buy

Price: US\$ 10.17 (02-Sep-2025)

Target Price 12M: US\$ 11.60 (NYSE)

VALE3 BZ Equity

Target Price 12M: R\$ 64.50 (B3)

CMIN3 BZ Equity

Neutral

Price: R\$ 5.15 (02-Sep-2025)

Target Price 12M: R\$ 5.75

GGBR4 BZ Equity

Buy

Price: R\$ 16.92 (02-Sep-2025)

Target Price 12M: R\$ 20.00

CSNA3 BZ Equity

Neutral

Price: R\$ 7.44 (02-Sep-2025)

Target Price 12M: R\$ 9.00

USIM5 BZ Equity

Neutral

Price: R\$ 4.37 (02-Sep-2025)

Target Price 12M: R\$ 4.75

The increase was driven by services (50.5pts; +0.5pts m/m), even though the construction sub-index fell to 49.1pts (-1.5pts m/m).

Overall, the **composite PMI** rose to **50.5pts** (+0.3pts m/m), but the reading remains marked by strong heterogeneity across sectors. The Caixin manufacturing PMI returned to expansion, at 50.5pts (+1.0pts m/m; highest level in 5M), sustained by new domestic orders and backlog accumulation, but with exports declining for the fifth month and input costs rising. On the employment front, the situation remains delicate: July **industrial profits** fell **-1.5% y/y**, accumulating a 3M decline, with state-owned companies under greater pressure (-7.5% y/y) and only marginal gains in private and foreign companies (+1.8% y/y).

According to our monitoring, **iron ore inventories** in 45 main China ports fell to **125.4Mt** (-0.2% w/w), after reaching 131Mt on Aug.15, the highest level since Jul 25. The adjustment reflected higher demand from integrated mills, with pig iron production at 2.5Mt/day (+4.2% w/w), in addition to temporary production cuts in Tangshan (Aug. 31-Sep. 3), linked to the celebration of the end of World War II with a military parade. To reduce air pollution during the event, the central government organized the suspension of blast furnace operations. Given this situation, some mills may have anticipated the withdrawal of iron ore from ports. Even so, inventories remain **+9.8% above the 5Y average**, suggesting a relative excess of supply. On the spot market, 62% Fe ore closed at US\$102.3/t (+2.3% w/w), supported by the USD/CNY devaluation to ¥7.15, resilient short-term demand, and improved sentiment after progress in US-China talks.

In **steel**, inventories at mills fell to **4.2Mt** (-0.3% w/w) after three weeks of increases, driven by declines in wire rod, HRC, CRC, and slabs, while rebar remained slightly higher (+1.3% w/w). The **BFs utilization rate** remained robust at **90.3%** (+0.1p.p. w/w), sustained by positive margins of ~60% at integrated mills after the YTD decline in metallurgical coal, and pig iron production advanced in line. The average utilization rate via the **EAfs** route fell to **56.7%** (-0.7p.p. w/w), but still well above last year's level (~34%). Persistent structural constraints: electricity still costly, scrap prices are volatile (~US\$230/t) and limited participation of total production vs. BFs (10–12% vs. 15% target for 2025E).

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

Manufacturing PMI still below 50pts, but sub-indices have improved. At the end of last week (Aug. 30), the **official PMIs** were released by the NBS. At first glance, the data reinforced the picture of uneven recovery, with manufacturing still below the 50-point line, but still offset by the more resilient performance of the service sector (more on this further down). The manufacturing PMI advanced to 49.4pts (+0.1pts m/m), marking the fifth consecutive month in contraction territory. We believe that, although the main indicator continues to reflect weak domestic demand and pressure on exports, the sub-indices suggest a slight improvement.

Table 1. China PMIs

August, 2025	Actual	Consensus	diff	Prior	diff
Manufacturing	49,4pts	49,5pts	-0,1pt	49,3pts	+0,1pt
Non-Manufacturing	50,3pts	50,2pts	+0,1pt	50,1pts	+0,2pt
Caixin Manufacturing	50,5pts	49,8pts	+0,7pt	49,5pts	+1,0pt

The services PMI rose again, sustaining the composite. Also released by the NBS as an official reading, the **non-manufacturing PMI** reached **50.3pts** (+0.2pts m/m), sustaining the reading in expansion territory. The **services** sub-index **accelerated** to **50.5pts** (+0.5pts m/m), while construction fell to 49.1pts (-1.5pts m/m), reflecting persistent difficulties in the real estate sector. We can say that the composition shows strong heterogeneity: segments such as **(i)** telecommunications, **(ii)** air and rail transport, and **(iii)** capital services recorded readings above 60pts, signaling robust performance in specific sectors, even in the face of the slowdown in the housing market.

In the consolidated reading, the **composite PMI advanced** to **50.5pts** (+0.3pts m/m), remaining in positive territory. The result indicates that the economy as a whole is still growing. However, we believe that the expansion continues to be sustained mainly by the service sector, while industry remains the weakest link. In summary, the official data for August point to a vulnerable diagnosis of the Chinese economy: traditional industry continues to be limited by insufficient new orders and declining exports, while services show resilience and high-tech segments gain relevance as growth drivers. For us, the confidence ahead reflected in the expectations subindex above 53pts suggests room for recovery, but the materialization of this movement will depend on the effectiveness of government stimulus in transforming optimism into real demand.

Caixin PMI shows private expansion, but with weak exports. Also released at the end of last week (Aug. 31) by S&P Global was the **Caixin manufacturing PMI**, which rose to **50.5pts** (+1.0pts m/m), returning to expansion territory and reaching its **highest level in 5M**. The reading ended up exceeding market expectations (+0.8pts vs. BBG consensus). The result also distinguished with the official PMI measured by the NBS (49.4pts, in contraction territory), reinforcing the perception that the private industrial sector—which carries more weight in the Caixin vs. NBS—is performing relatively more dynamically compared to state-owned enterprises. The expansion was mainly driven by an acceleration in new domestic orders, which grew at their strongest pace since March, leading to a backlog accumulation at the highest level in 6M. This movement signals capacity pressures and opens space for a gradual resumption of production. On the other hand, new export orders shrank for the fifth month in a row, reflecting the weight of US tariffs and the fragility of external demand. We believe that US importers, faced with higher costs and additional tariffs, have reduced orders for seasonal products (such as Christmas decorations), which tends to limit Chinese export momentum in the short term.

Another relevant point was logistics: the Caixin survey pointed to delays in supplier deliveries for the sixth consecutive month, attributed to transportation bottlenecks and shipping restrictions. We believe this should translate into inventory volatility and higher operating costs in the short term. Despite these limitations, business confidence improved, in line with the NBS findings.

The sub-index of expectations for the next 12M reached its highest level since March, reflecting the belief that better economic conditions and corporate expansion plans could sustain future sales, as mentioned above.

The employment situation remains weak. On the employment front, the situation remained fragile: even with greater pressure on capacity, the sub-index measured by Caixin and released by S&P Global indicated a **decline in industrial jobs for the fifth consecutive month**, revealing caution about the sustainability of recovery. At the same time, input costs rose at their fastest pace since November last year, driven by raw materials and energy. However, intense domestic competition prevented many companies from passing on these costs, keeping average selling prices virtually stable. This puts pressure on margins and reinforces the still uncertain nature of the manufacturing sector's recovery.

In summary, the indicator showed that Chinese private manufacturing returned to expansion territory, sustained by new domestic orders and higher value-added sectors. However, the combination of declining exports, rising costs, caution in hiring, and logistical bottlenecks shows that the recovery is still partial and vulnerable to external shocks. The divergence from the official PMI highlights the heterogeneity of the industry: while private companies oriented toward the domestic market are showing resilience, traditional and state-owned sectors remain under pressure from structurally weak demand.

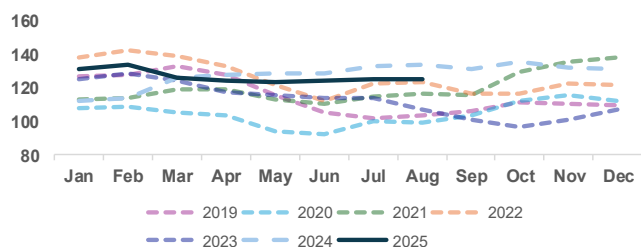
Industrial profits decline y/y. NBS announced in the middle of last week (27 Aug.) that **industrial profits** (July data) fell **-1.5% y/y**, continuing the third consecutive month of decline, but with a slowdown compared to -4.3% m/m. In the **Jan-Jul** period, the decline was **-1.7% y/y**, a slight improvement compared to the -1.8% decline in the 1H25. Pressure in the sector remains high: **(i)** domestic demand remains weak and **(ii)** deflation in manufactured goods persists, due to rising costs combined with intense competition. State-owned companies were the most affected, with a decline of -7.5% y/y, while private and foreign firms recorded modest gains (+1.8% y/y).

The measures already implemented—such as fiscal and monetary stimulus—have not yet managed to reverse the situation, which has been exacerbated by a loss of confidence, evidenced by the contraction in new bank loans, something not seen in the last 20Y. The recent trade truce with the US has brought some relief, but the lack of a lasting commitment keeps uncertainty high. We note that it will be necessary to increase the predictability and effectiveness of policies to see a more sustainable recovery in industrial profits.

Iron Ore and Steel

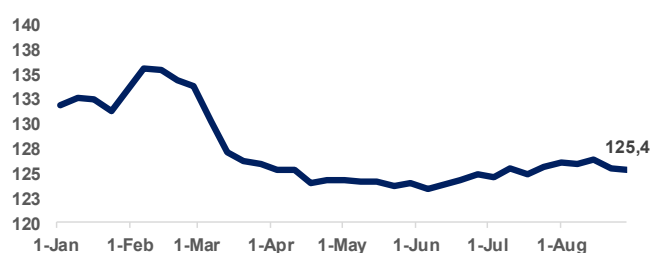
Iron Ore: Port inventories decline after mid-month peak. Last week, **iron ore inventories** at China's 45 major ports fell to **125.4Mt** (-0.2% w/w), reversing the trend of consecutive increases. The decline comes after peaking at 131Mt on August 15, the highest level since July 25. The decline was driven by higher demand from integrated mills, with daily pig iron production advancing to 2.5Mt/day (+0.2% w/w), as well as rumors of temporary restrictions in Tangshan (August 31–September 3), which may have prompted early purchases. Despite the weekly correction, inventories remain **+9.8% above the 5Y** average, evidencing a relative excess of supply in the structural balance.

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



Source: Bloomberg, Genial Investimentos

Graph 2. Iron ore port inventory 2025 (Mt)



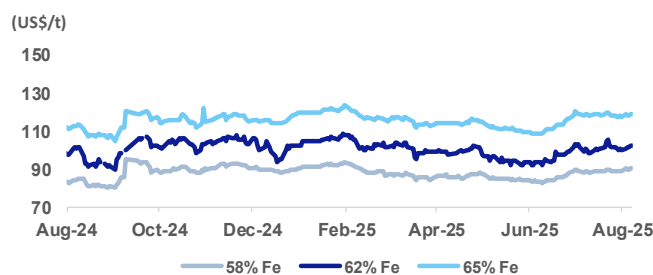
Source: Bloomberg, Genial Investimentos

The high level reflects the accumulation of previous weeks, sustained by robust flows of iron ore shipments, mainly from Australia and Brazil, while mills remain cautious, withdrawing smaller volumes on a just-in-time basis. This asymmetry continues to put pressure on prices: the most liquid Jan. **futures contract** on the Dalian Commodity Exchange (**DCE**) fell to **~US\$107.5/t** (-0.8% w/w), the lowest level since July 16, while on the Singapore Exchange (SGX), the October contract fell to **~US\$101.7/t** (-0.3% w/w), the lowest level since the beginning of the month.

Iron Ore: Spot prices regain momentum. Last week, 62% Fe iron ore on the spot market advanced to US\$102.3/t (+2.3% w/w), consolidating its recovery after falling below US\$100/t at the beginning of the month. The movement was sustained by a combination of factors: **(i)** the USD/CNY devaluation to ¥7.15 (-1.2% w/w), which reduced import costs; **(ii)** an increase in daily pig iron production of 2.5Mt/day (+4.2% w/w), signaling resilient demand; and **(iii)** improved market sentiment after statements by the US Treasury Secretary about a “constructive dialogue” with China, which reduced fears of additional tariffs on crude steel and products with embedded steel. We believe that this environment contributed to iron ore remaining above the US\$100/t mark in recent trading sessions.

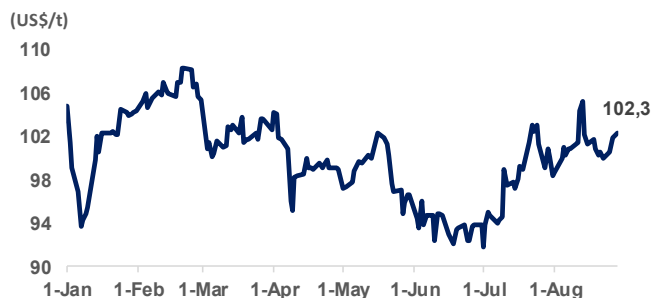
However, the scenario remains characterized by volatility. The imposition of **environmental restrictions** in **Tangshan** (40% capacity cuts between Aug. 31-Sept. 3) linked to the **military parade** commemorating the end of World War II should temporarily reduce iron ore demand in the short term. At the same time, expectations of higher supply in 2H25 — with the onset of positive seasonality in shipments from Australia and Brazil and the imminent startup of the Simandou project in 4Q25E (with very low output) — limit the scope for more consistent increases. Overall, we believe that prices should continue to fluctuate in the range of US\$100-95/t. In the medium term, the relative excess of supply and the structural weakness of demand in China maintain the downward bias.

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



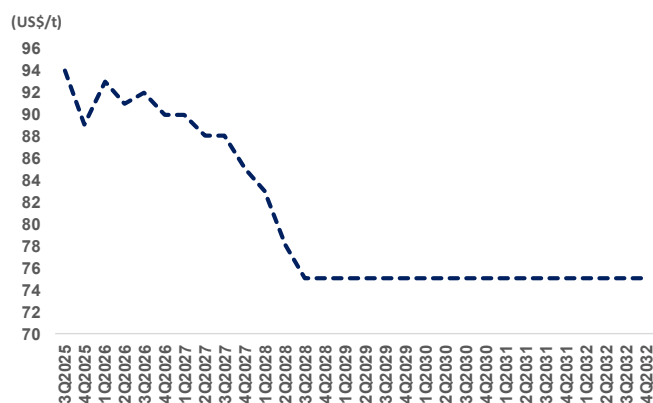
Source: S&P Platts, Genial Investimentos

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)



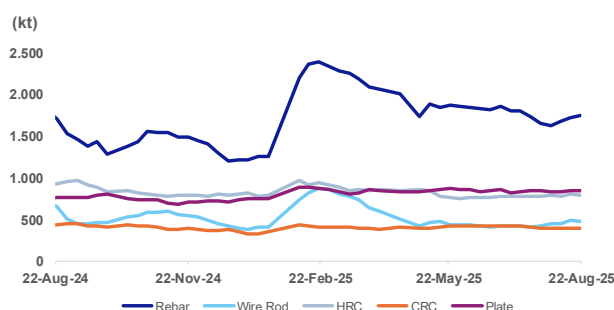
Source: Genial Investimentos

Steel: Inventories on mills fall again after three weeks of increases. Last week, combined **steel stocks** of the five main products monitored in Chinese mills fell to **4.2Mt** (-0.3% w/w), interrupting a three-week streak of accumulation. The adjustment was driven by declines in wire rod (478Kt; -1.5% w/w), HRC (789Kt; -1.4% w/w), CRC (387Kt; -2.2% w/w), and thick plates (839Kt; -1.1% w/w), while rebar remained marginally higher (+1.3% w/w).

On the supply side, the utilization rate of blast furnaces (BFs) remains at ~90%, reflecting still positive margins in most integrated mills. This high level, after months of occasional adjustments for maintenance, continues to sustain robust production levels, with expectations of a rebound in crude steel production in August after four months of decline. Even so, environmental measures in Hebei and Tianjin (25 Aug–3 Sep), which include 30–40% cuts in sintering, should limit short term acceleration. On the demand side, traction also remains restricted: adverse weather, a weakened real estate sector, and a cautious stance by distributors, who are maintaining just-in-time purchasing.

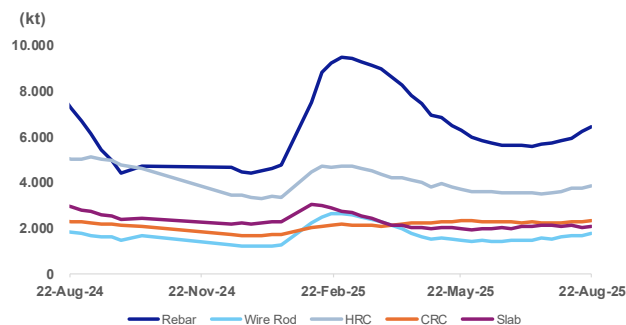
The external front continues to be an escape valve: in July, total steel exports (finished + semi-finished) reached 11.4Mt (+39.6% y/y), the 4th highest level in history, accumulating 75.5Mt in 7M25 (+20.1% y/y).

Graph 6. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

Graph 6. Traders Steel inventory (130 major cities)



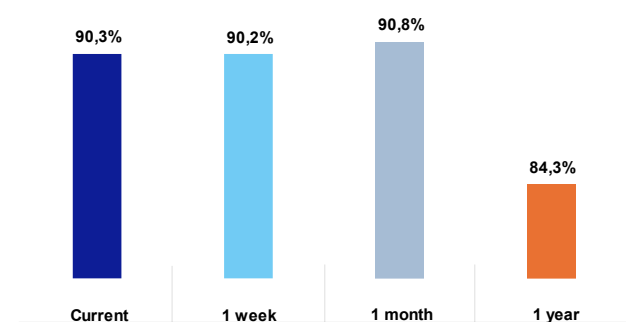
Source: My Steel, Genial Investimentos

We estimate a pace that puts this year on track to surpass last year's record of 117.1Mt, although there is an expectation of a decline in October due to the high base effect and greater oversight of export operations. In summary, the marginal decline in inventories does not alter the structural diagnosis: high blast furnace utilization rates sustain excess supply vs. weak domestic demand, maintaining the risk of downward pressure on steel spot prices. We believe that only deeper cuts in utilization could consistently adjust this dynamic.

Steel: BF's utilization rate still quite high, but structural risks remain on the radar. Last week, the **average utilization rate** of blast furnaces (BFs) at the 247 monitored mills remained virtually stable at **90.3%** (+0.1p.p. w/w), staying close to the **highest level in the last 17M** and well above the level observed in the same period last year (+6.0p.p. y/y). We believe that the high level reflects some degree of resilience, since ~60% of integrated mills began operating with positive margins, mainly after the drop in metallurgical coal prices (-4.8% YTD, despite a +3.5% m/m increase), which eased costs and helped slightly decompress margins (which were negative last year). We believe that this movement indicates rationality in supply management: the central government wants to avoid aggressive cuts that compromise the profitability of mills—via lower fixed cost dilution power—but also does not want to accelerate production amid the recent accumulation of steel inventories.

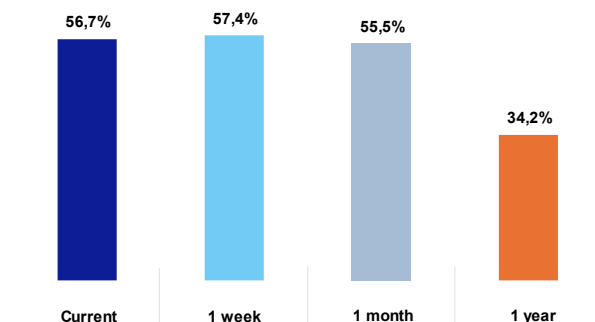
On the production side, stability contrasts with the downward trend seen in previous months: in July, **crude steel production** fell to **79.6Mt** (-4.0% y/y), the lowest level in 7Y for the month. Even so, based on the data so far, there will be a partial recovery in August. In line with this, we observed a rebound in pig iron production, which reached 2.5Mt/day (+4.2% w/w), after adjustments for maintenance at the beginning of the month. Throughout September, the numbers should improve further, since the end of this month was impacted by production restrictions in Tangshan to reduce pollution during the military parade to be held on Sep 3. However, on the structural horizon, the risks remain significant. Based on our observations vis-vis the reports from the Energy Research Center (CREA), we estimate that mills will need to cut **30-90Mt of production in 25E** (~5-10% of 2024 production) to meet decarbonization targets. For us, we believe that the challenge is that the **EAF route** remains **stagnant** at only **10-12%** of the production mix in China (below the 15% target of the total volume of 25E), which reinforces the dependence on the BF-BOF route.

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 high, but structural challenges persist. Last week, the utilization rate of electric arc furnaces (EAFs) fell slightly to 56.7% (-0.7p.p. w/w), after reaching 57.4% the previous week. Despite the marginal variation, the indicator shows a robust recovery compared to mid-July (+1.2p.p. m/m) and a significant advance of +22.5p.p. y/y, evidencing a relevant cyclical improvement in relation to 2024, when the sector operated at ~34%. The current level is mainly sustained by three factors: **(i)** rationalization of supply, after aggressive cuts between May-June, when several mini-mills with negative margins suspended activities; **(ii)** relative stability in scrap prices, which stood at ~US\$230/t for HMS 1, a level comparable to the US, but still considered high for the compressed margin environment; **(iii)** bordering support from industrial stimulus measures, which have ensured demand in specific niches linked to manufacturing and the energy transition.

Despite this, the structural trajectory remains fragile. The EAF route maintains a **share of 10–12%** of the national production mix, below the official target of **15% for 25E** and far from the global average of **~30%** (US: 71.8%; India: 58.8%; Japan: 26.2%). Among the obstacles, we highlight the **high costs of electricity**, irregular scrap supply—which fell by ½ in 2024—and unequal competition with **BF-BOFs**, whose utilization rate remains above 90% with still positive margins. In this context, we believe that the 55–57% lateralization does not signal a structural recovery, but rather a fragile balance between economic constraints and technical feasibility. Until there is a significant improvement in the profitability of mini-mills or greater regulatory support for the electric route, the expansion of EAFs will remain limited, maintaining the gap in relation to China's decarbonization targets.

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
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
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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