

Metals & Mining

From Macro to Micro: Iron Ore at US\$110? Our call stays at US\$95

LatAm Metals & Mining

Main takeaways on China:

(i) Producer deflation continues to ease, but remains structural; China's **PPI** fell -**1.9% y/y** in Dec/25 (vs. -2.2% in Nov), with a **+0.2% m/m** gain suggesting marginal stabilization driven by supply-side capacity control and higher commodity prices; nevertheless, **full-year 2025 PPI** still declined **-2.6% y/y**, reflecting persistent overcapacity and weak domestic demand; (ii) CPI accelerates modestly, led by food inflation; headline **CPI** rose to **+0.8% y/y** and **+0.2% m/m**, the **highest in 34M**, supported by fresh vegetables and beef prices, while **core CPI** remained **muted** at **+1.2% y/y**, highlighting still-fragile consumption and labor conditions; (iii) Official **manufacturing PMI** returns to expansion, but recovery is tentative; the index rose to **50.1pts** (+0.9pts m/m), supported by stronger production and new domestic orders, while export orders and employment remained contractionary, underscoring uneven momentum; (iv) Private-sector PMIs stabilize above 50pts, but labor and margins remain under pressure; **RatingDog manufacturing PMI** rose to **50.1pts**, with domestic demand improving modestly, offset by declining employment, weak exports and ongoing margin compression; (v) Steel production contracts sharply amid weak profitability; **crude steel output** fell **-11% y/y** in Nov/25, blast furnace utilization declined and mill margins deteriorated, while finished **steel inventories** rose **+14.7% y/y**, reinforcing a structural demand slowdown led by the property sector; (vi) **Iron ore** inventories remain elevated, limiting fundamental support; **port stocks** rose to **136.5Mt** (+1% w/w), **+14% vs. 5Y average**, driven by resilient seaborne supply and pre-holiday stocking despite subdued steel demand; (vii) Iron ore **prices** rebound on expectations, not fundamentals; DCE prices ended the week at **US\$110.4/t** (+4% w/w), supported by policy expectations, but ample global supply and weak Chinese demand cap sustained upside; (viii) Iron ore price curve held for 26E; long end revised up; we maintain **US\$95/t** for **26E** (vs. consensus US\$100-105/t), reflecting structurally weaker supply-demand as China's steel output decelerates (~50Mt annualized demand loss), while **27E** was revised to **US\$90/t** (+3% vs. old) amid gradual Simandou ramp-up and mitigating substitution/blending effects, implying downside pressure from 2027 onward but from a higher base; (ix) **Steel inventories** ease and utilization ticks up tactically; **mill** and **trader stocks** declined modestly, while **BF** and **EAF utilization rates recovered** after maintenance, reflecting short-term margin relief rather than a structural recovery in demand.

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 2 of January 2026**. We believe this series of reports will be essential for monitoring the fundamentals of the sector that impact the investment theses of the companies we cover in the sector (**Vale, CMIN, Gerdau, CSN, and Usiminas**).

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Companies

VALE US Equity
Buy

Price: US\$ 13.90 (12-Jan-2026)
Target Price 12M: US\$ 15.00 (NYSE)

VALE3 BZ Equity
Target Price 12M: R\$ 80.00 (B3)

CMIN3 BZ Equity
Neutral

Price: R\$ 5.57 (12-Jan-2026)
Target Price 12M: R\$ 6.50

GGBR4 BZ Equity
Buy

Price: R\$ 21.25 (12-Jan-2026)
Target Price 12M: R\$ 21.50

CSNA3 BZ Equity
Neutral

Price: R\$ 9.92 (12-Jan-2026)
Target Price 12M: R\$ 9.50

USIM5 BZ Equity
Neutral

Price: R\$ 6.67 (12-Jan-2026)
Target Price 12M: R\$ 4.75

We assess that **iron ore and steel market fundamentals remain structurally weak**, despite the recent resilience in spot prices. On the **supply side**, iron ore inventories at China's main ports continue to build, reaching **136.5Mt** (+14% vs. 5Y average). This reflects the combination of still-strong seaborne arrivals and subdued downstream demand. Inventory accumulation has taken place ahead of the Lunar New Year, when mills and traders typically raise inventories for logistical reasons, but we believe this seasonal pattern appears increasingly misaligned with the current pace of steel consumption, reinforcing a **loose supply-demand backdrop**.

Downstream indicators further confirm that demand weakness is structural rather than temporary. China's **crude steel production fell sharply** by **-11% y/y in Nov/25**, taking the **Jan-Nov** contraction to **-4% y/y** (0.5p.p worse vs. Est.), while BF utilization rate declined to 88% by year-end (vs. 90% mid-year), amid worsening mills profitability. Rebar margins have turned negative once again and HRC margins have compressed to breakeven levels, limiting incentives for production recovery (more on that further down). Despite deeper output cuts, finished steel inventories remain elevated, underscoring the persistence of supply-demand imbalances. These dynamics continue to be driven by the **(i)** prolonged property crises — we believe that primary property sales will continue to decline over the course of this year (-27.7% y/y downturn in 11M25 floor space of houses newly started), **(ii)** non-encouraging infrastructure construction activity and **(iii)** limited upside from manufacturing demand, issues that we expect to remain a drag on steel consumption into 2026.

Against this backdrop, we continue to view the recent strength in iron ore prices — trading at **~US\$110/t** (*spot* at DCE) — as largely **cyclical and transitory**. Pre-holiday restocking, FX tailwinds and speculative positioning provide short-term support, but do not alter the **shaky fundamentals**. Accordingly, we **maintain our average iron ore price assumption** at **US\$95/t 26E** (flat vs. Old Est.; -14% vs. spot), **below consensus** (priced in above US\$100/t), reflecting elevated inventories, weak steel demand and ample global supply. Further out the curve, we revised our forecast to **US\$90/t 27E** (+3% vs. Old Est.), acknowledging a slower-than-expected ramp-up of new supplies such as Simandou, while preserving a downside-skewed medium-term outlook. At the macro level, China's **CPI** rebound (**+0.8% y/y**), remains narrowly food-driven, with core inflation subdued, signaling that domestic demand recovery remains fragile. We discuss recent macro data in more detail throughout the report.

China

Macroeconomics

PPI deflation eased to -1.9% y/y. China's latest inflation data for Dec/25, released by the NBS on 8/Jan, show that factory-gate deflation continued to moderate. Even though there was another contraction, with the Index down **-1.9% y/y** (+0.1p.p. vs. BBG consensus), it still **slightly improved** from **-2.2% y/y** in Nov/25. On a sequential basis, PPI rose **+0.2% m/m**, extending the recent pattern of marginal monthly gains and suggesting that deflationary pressures at the producer level may be stabilizing, albeit from deeply negative levels. We assessed the easing was partly driven by **capacity management and policy efforts to curb excessive capacity**, which have narrowed price declines in some upstream and manufacturing segments.

From what we have gathered, y/y prices downtrend in moderate terms approaching categories like coal mining and washing, as well as in photovoltaic equipment, battery, and automobile manufacturing, while higher global prices for some commodities (notably non-ferrous metals) also provided support for pass-throughs. However, we would also like to emphasize that producer prices have now remained in **deflationary territory for more than 3Y**, reflecting persistent overcapacity (there is still much to be cleaned out), weak domestic demand, and limited pricing power across large parts of the industrial sector. For **full-year 2025**, the **PPI fell -2.6% y/y**, underscoring that, despite recent progress, there has been **no fundamental shift in the deflationary backdrop**, with meaningful reflation unlikely without stronger demand-side support. In other words, we believe that the slight improvement in the deflationary spiral sentiment came from supply cuts and not from a steady increase in demand, especially domestic consumption.

CPI rose +0.8% y/y, driven mainly by food prices. Also released by the NBS by the end of last week, **CPI increased +0.8% y/y in Dec** (fully in line vs. BBG consensus), accelerating from **+0.7% y/y** in Nov/25 and marking a **34M high**. On a monthly basis, CPI climbed **+0.2% m/m**, rebounding from a **-0.1% m/m** decline in the prior month, supported by pre-New Year seasonal demand and targeted policy measures aimed at supporting consumption. Looking deeper into the groups, the pick-up in headline CPI was **largely food-driven**, with prices of fresh vegetables (+18.2% y/y) and beef (+6.9% y/y) contributing meaningfully, while pork prices contracted (-14.6% y/y), highlighting continued divergence within the food basket.

The **core inflation** (excluding food and energy) remained **+1.2% y/y** (unchanged vs. Nov), indicating that upshifts in price conditions remain very modest and that the headline acceleration does not reflect a broad-based strengthening in demand. Non-food and services inflation stayed subdued, consistent with **(i)** weak household confidence, a **(ii)** soft labor market — one of the main challenges we see ahead in order to boost consumption—, and **(iii)** the ongoing drag from the property downturn. For **full-year 2025**, the **CPI stayed flat**, the lowest outcome in roughly 16Y and **well below policymakers' target** of ~2%.

Manufacturing PMI returns to expansion territory. On Dec 30, the NBS published data showing that **manufacturing PMI rose to 50.1pts (+0.9pts m/m; +1pt vs. BBG consensus)**, moving back above the 50-point threshold and marking the first expansion since Mar, while also beating market expectations.

The headline improvement reflects a combination of firmer domestic demand and policy support filtering through production dynamics, although the move above 50 still appears **tentative rather than decisive**, with underlying indicators suggesting a recovery that remains uneven across sectors and firm sizes.

We note that, in the sub-indices, **production strengthened to 51.7pts** (+0.2pts m/m), returning to expansion and implying slightly firmer output momentum, while **purchasing activity rose to 51.1pts** (+0.3pts m/m), also back in expansion for the first time in 3M. **New orders** showed a meaningful improvement to **50.8pts** (+1.1pts m/m), rising above 50 for the first time since Jun and at the fastest pace in 9M, reflecting better domestic demand conditions. Meanwhile, new export orders remained weak and contracted to 49.0pts (-1.4pts m/m).

Despite these positives, **employment remained in contraction to 48.2pts** (-0.4pts m/m), indicating that firms remain cautious about labor expansion, and supplier delivery times stayed broadly stable to 50.2pts (+0.1pts m/m), consistent with a still-fragile operating environment. From a pricing standpoint, input costs remained expansionary to 53.1pts (+0.1pts m/m), though rising at a softer pace, while output prices stayed at contractionary territory, clocking in at 48.9pts (-0.2pts m/m). On a more constructive note, **business confidence improved meaningfully to 55.5pts** (+1pts m/m), signaling that firms' expectations for future conditions are becoming progressively less pessimistic. We believe that this may be related to the trade agreement reached between the US-China at the end of last year, which helps to remove uncertainties.

Table 1. China PMIs

December, 2025	Actual	Consensus	diff	Prior	diff
NBS Manufacturing	50,1pts	49,2pts	+0,9pt	49,2pts	+0,9pt
NBS Non-Manufacturing	50,2pts	49,6pts	+0,6pt	49,5pts	+0,7pt
RatingDog Manufacturing	50,1pts	49,8pts	+0,3pt	49,9pts	+0,2pt
RatingDog Services	52,0pts	52,0pts	+0,0pt	52,1pts	-0,1pt

Source: Bloomberg, Genial Investimentos

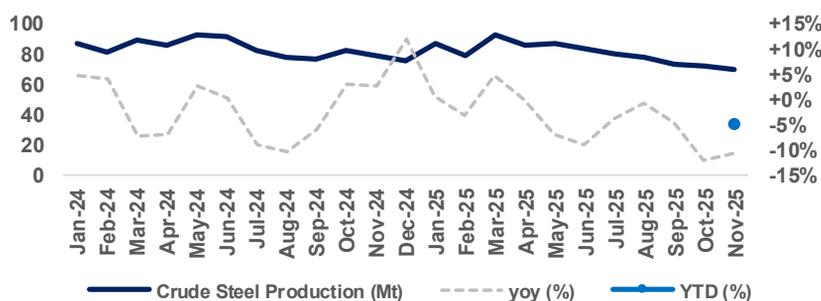
China's crude steel production fell -11% y/y in Nov/25. According to NBS and World Steel Association (WSA) data, China's crude steel output in Nov/25 totaled **69.9Mt** (-11% y/y), while pig iron production reached **62.3Mt** (-9% y/y) and steel products output clocked in at **115.9Mt** (-3% y/y). On a cumulative basis, **Jan-Nov** crude steel output reached **891.7Mt** (-4% y/y), confirming that the downturn is structural rather than episodic, with pig iron production at **774.1Mt** (-2% y/y), while finished steel products grew **+4.0% y/y**, reflecting elevated inventories and downstream softness. Despite the sharp annual drop, daily output registered a mild sequential improvement, but in our view industry conditions remain clearly weaker.

Industry-level indicators also reinforce this narrative of stress. The database we monitor from S&P Platts show that Chinese mills deepened output cuts through late Oct-Nov, with CISA reporting daily crude steel and pig iron output trending lower into Nov, while **blast furnace utilization fell to 88%** (-3.0p.p. vs. Sep).

The decline is closely linked to deteriorating profitability: **HRC margins slipped to breakeven** (vs. +US\$42/t in early Aug), while **rebar sales are currently loss-making at -US\$7-14/t**. Even with these cuts, domestic demand remains soft and inventories elevated: finished steel inventories reached **23.7Mt** (+14.7% y/y), with rebar stocks **+46.7% y/y** and HRC inventories **+16.9% y/y**, **underscoring persistent supply-demand imbalance**.

Even though it's nothing new, weak demand is still primarily driven by the property downturn, with primarily home sales weakening further and expectations pointing to continued pressure into 2026. We believe that this will be the year when the crisis, which began in 2021, will reach its lowest point. Additionally, manufacturing steel demand shows limited upside. As a result, steel prices remain under pressure, with domestic **HRC** averaged ¥3,287/t (**US\$462/t**) in early Nov and **rebar** ¥3,099/t (**US\$423/t**), with both prices trending below last year's levels.

Chart 1. Crude steel production



Source: NBS, Genial Investimentos

Iron Ore and Steel

Iron Ore: Port inventories build further, reinforcing loose supply backdrop.

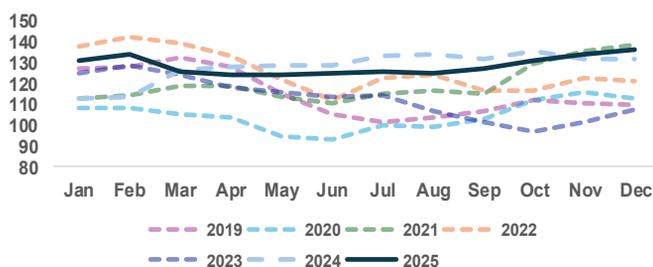
Last week, **iron ore inventories** at the 45 main Chinese ports **rose to 136.5Mt** (+1% w/w), extending the gradual accumulation trend and reinforcing a still-loose supply-demand balance. Inventories have remained persistently high through late Dec and into early Jan, standing **at +14% vs. 5Y average**, reflecting the combination of resilient arrivals and subdued downstream demand. Clearly, we have seen an increase in flows from Australia and Brazil, with mills and traders accumulating stockpiles ahead of the Chinese New Year holiday, which begins on Feb 17. As this **pace of robust arrivals at ports is seasonal**, it is **out of step with current demand**. While mills are preparing for port shutdowns during the holiday, demand for steel is slowing down. This indicates limited effective destocking in current days, consistent with weaker steel sector fundamentals.

While in early-2025 shipments were temporarily affected by weather and geopolitical disruptions, seaborne flows not only stabilized but also saw a considerable increase in production in 2H25. As a result, the year ended with volumes from Australia remaining essentially stable vs. 2024, while shipments from Brazil to China accelerated by +4.3% y/y, driven mainly by Vale, which returned to record production levels seen in 2019.

Looking ahead to 2026, we believe that with the onset of the seasonal rainy season for the Brazil-Australia axis, mining companies should **reduce the shipments level vs. the year-end in the next couple of months**. This is the turning point. Stockpiles are very high, so we believe it will be essential to observe **during the New Year holiday (17-Feb to 3-Mar) how much the mills can remove from this retained volume**, considering that arrivals flow will be interrupted.

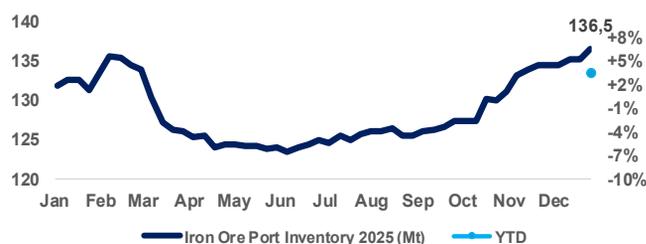
We believe that since demand is unlikely to react in the following months, even with the onset of the typically better period for civil construction (Mar-May), inventories will remain quite elevated. Weather conditions until Mar will also be crucial in understanding the shipping capacity of major miners. As a result, we continue to support that port inventories are likely to stay elevated in 1H26, keeping iron ore availability ample and **reinforcing downside asymmetry on pricing fundamentals**.

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



Source: Bloomberg, Genial Investimentos

Graph 3. Iron ore port inventory 2025 (Mt)

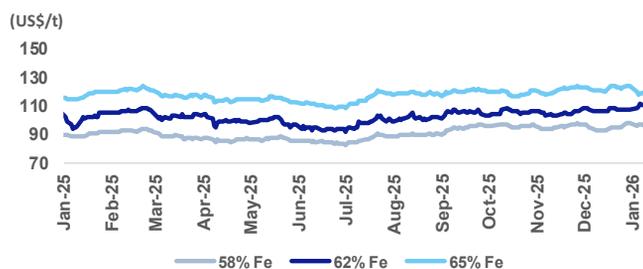


Source: Bloomberg, Genial Investimentos

Iron Ore: Prices upshift again, but fundamentals remain soft. The price of iron ore (DCE) ended last week at **US\$110.4/t** (+4% w/w), extending the uptrend path since late Dec. Despite the stronger weekly performance, price action continues to reflect a market driven more by expectations than by material improvement in underlying fundamentals. On the **demand** side, fundamentals remain skewed toward a softer bias. We note that blast furnace utilization and operating rates remain under pressure amid voluntary production controls and weak margins (even though rates have improved weekly); and steel mill profitability continues to limit production momentum, reinforcing a cautious approach to raw material procurement. We assess that this dynamic has constrained pig iron output growth and kept iron ore consumption subdued, with mills prioritizing inventory discipline rather than aggressive restocking.

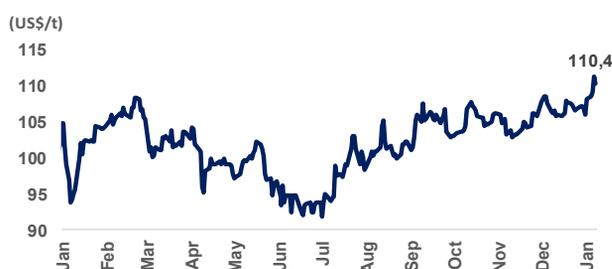
Overall, our reding points to a market that is characterized by **opposing forces**. On the one hand, **(i)** expectations of tighter steel supply, environmental constraints and a gradual shift toward higher-grade ore continue to provide a **price floor above US\$100/t**. On the other hand, **(ii)** ample global supply, elevated port inventories and structurally weaker Chinese demand limit the scope for a sustained upside. Looking at the fundamentals highlighted throughout the report (both the supply-demand balance and the macroeconomic aspects), we strongly believe that point should carry more weight, which indicates that the **US\$110/t threshold is not entirely rational** and should not be sustained throughout the year.

Graph 4. Iron ore price (Spot - S&P Platt's)



Source: S&P Platt's, Genial Investimentos

Graph 5. 30 Days Iron ore prices (Spot - S&P Platt's)

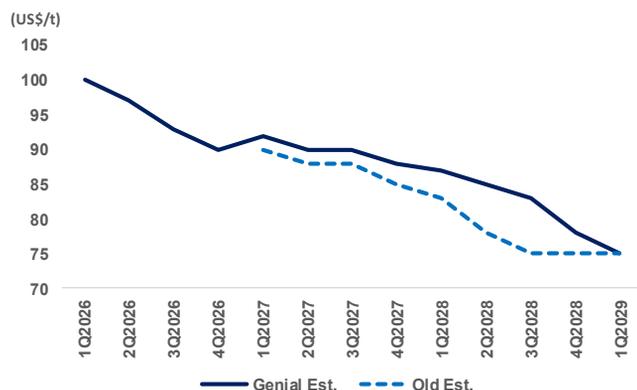


Source: S&P Platt's, Genial Investimentos

Iron Ore Price Curve: 2026 held, long-end revised upwards. Despite iron ore spot prices trading close to US\$110/t, we **maintain our price assumption at US\$95/t 26E** as year average (flat vs. Old Est.), as our framework remains fundamentally driven and continues to point to a structurally weaker supply–demand balance. We know that we are at the **most bearish end of the spectrum vs. other sell-side firms**, with the **consensus** arriving at a range of **US\$100-105/t 26E**. China’s steel production keeps decelerating (Nov crude steel: -11% y/y; Jan–Nov: -4% y/y; 0.5p.p worse vs. Est.), implying a ~50Mt annualized reduction in iron ore demand, amid an ongoing real estate adjustment and tighter policy control over steel output. In our view, current price resilience is largely cyclical and transitory — supported by (i) pre-Lunar New Year restocking, (ii) FX tailwinds and (iii) speculative positioning — rather than by an improvement in underlying fundamentals, which justifies preserving a more conservative average price for 2026.

Further out the curve, **we revised our iron ore price assumption** average to **US\$90/t 27E** (+3% vs. Old Est.), reflecting a reassessment of the timing and effectiveness of the expected supply shock. While global supply remains comfortable, with new seaborne volumes from Simandou, Pilbara and Brazil, **Simandou’s ramp-up is gradual** (~20Mt in 2026E, with full capacity only closer to 2030), limiting near-term disruption. In addition, substitution effects, displacement of marginal supply and quality/blending constraints mitigate the immediate impact on prices. As these offsets fade and incremental supply accumulates, downward pressure becomes more visible from 2027 onward, but from a higher base than previously assumed. For consistency, the same proportional uplift applied to 27E was extended to subsequent years (28E onwards), starting from this higher reference point, ensuring a coherent adjustment across the long end of the curve rather than a one-off year-specific change.

Graph 6. Iron ore price (Genial Est. 26-29E)

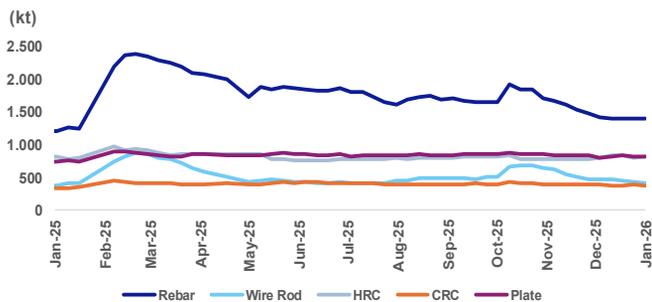


Source: Genial Investimentos

Steel: Mill inventories edge lower again. Last week, combined **steel inventories** of the five main products monitored **in Chinese mills yards** fell to **3.8Mt** (-1% w/w), marking a third consecutive weekly decline. The movement was broadly negative across categories, with reductions in **rebar** at **1.4Mt** (-1% w/w), **wire rod** at **405Kt** (-6% w/w), **HRC** at **823Kt** (-1% w/w) and **thick plates** at **811Kt** (-1% w/w), partially offset only by a modest rebound in CRC, reaching **381Kt** (+2% w/w). We believe the pattern reflects a gradual supply upshift following prior maintenance cycles: rebar output continued to recover reaching 1.9Mt (+2% w/w) as mills resumed operations after finishing year-end maintenance, while HRC production recovered more visibly to 3.1Mt (+4% w/w) as more steelmakers brought rolling mills and blast furnaces back online after finishing year-end overhauls, leading to this rebound.

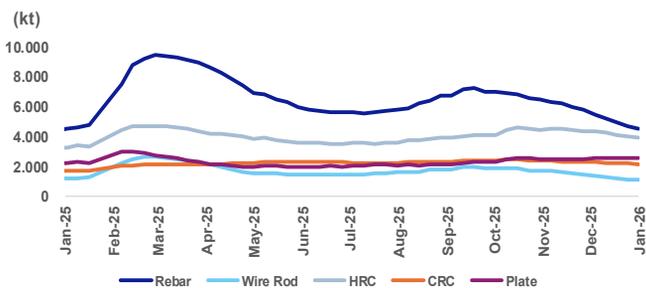
At the **distributors, destocking persisted**, albeit at a slower pace compared with the prior week. Inventories held by traders and distribution centers across the 132 cities monitored declined to **14.3Mt** (-2% w/w), extending the adjustment trend into the end of Dec. The drawdown was again led by long products, with rebar down to 4.6Mt (-2% w/w) and wire rod clock in at 1.1Mt (-2% w/w), while flats also moved lower, with HRC at 3.9Mt (-3% w/w) and CRC stable at 2.2Mt (flat w/w); plate edged down to 2.5Mt (-1% w/w). Overall, we see that the combination of gradual mill-side easing and continued downstream-led destocking suggests that the clearing process remains predominantly retail-driven, with distributors still prioritizing inventory discipline into the seasonal low-demand period. Long products continue to demonstrate relatively better flow through distribution, while flat products, despite recent production normalization, remain more exposed to subdued winter demand.

Graph 7. Steel mills inventory (130 major cities)



Source: My Steel, Genial Investimentos

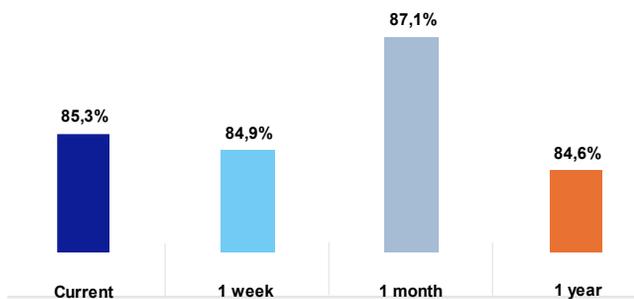
Graph 8. Traders Steel inventory (130 major cities)



Source: My Steel, Genial Investimentos

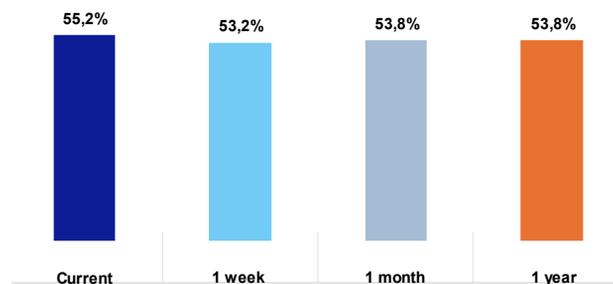
Steel: BF utilization breaks the prior five-week downtrend. The average blast furnace (BF) utilization rate across 247 mills in the database we monitor **increased to 85.3%** (+0.3p.p. w/w), breaking the prior five-week downtrend. In our view, the modest recover reflects a partial operations resumption, particularly in North China, as air-quality conditions improved and some mills exited maintenance. In parallel, **hot metal production** also edged up to **2.3Mt/day** (+0.4% w/w), indicating a slight improvement in operating intensity rather than full-scale standardization. From an analytical standpoint, we read this move as **tactical rather than structural**. While margins showed marginal improvement, profitability remains limited and mills continue to prioritize flexibility. Operating around the **mid-80%** range allows continues to backup producers to cautiously **reintroduce supply without fully committing capacity**, maintaining the option to scale back quickly should margins deteriorate again. In other words, we believe the latest uptick does not signal a coordinated supply expansion, but rather a controlled stabilization of operating rates following several weeks of defensive reductions.

Graph 9. BF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

Graph 10. EAF capacity utilization % (weighted average)



Source: My Steel, Genial Investimentos

Steel: EAF utilization rebounds as mills return from maintenance. The **utilization rate** of electric arc furnaces (**EAFs**) **rose** to **55.2%** (+1.9p.p. w/w), also reversing the prior week's decline as more mini-mills resumed operations following the completion of routine maintenance. In parallel, the average operational rate also increased to 69% (+1.0p.p. w/w), indicating a broader normalization of activity rather than isolated restarts. We assess that near-term profitability has improved sufficiently to justify incremental production, although visibility on demand remains limited. From our perspective, the upshift remains **tactical and margin-driven**, not yet indicative of a structural recovery in the EAF route. Mini-mills continue to operate opportunistically, scaling up only when short-term returns justify it and retaining flexibility to pare back output quickly if margins compress again. Same thing we pointed out about the BF route. However, as utilization rates were already much lower, mainly due to energy costs vs. unsatisfactory steel margins, they ended up underscoring the inherently higher sensitivity of EAF producers to price and demand signals compared with integrated BF operators. We believe that, sustaining higher utilization levels will therefore likely depend less on temporary margin relief and more on a clearer improvement in downstream steel demand into early January.

Appendix: Vale

Figure 1. Vale – Income Statement in US\$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	27.686	38.667	37.748	38.652
(-) COGS	(17.877)	(24.271)	(25.294)	(26.461)
Gross Profit	9.809	14.396	12.453	12.190
(-) Expenses	(1.165)	(1.540)	(2.501)	(2.176)
Adjusted EBITDA	15.215	15.783	13.923	13.685
(-) D&A	(2.209)	(3.095)	(3.138)	(3.191)
EBIT	13.006	12.688	10.785	10.494
(+/-) Financial Result	(1.186)	(2.955)	(2.646)	(2.387)
(-) Taxes	(906)	(757)	(524)	(567)
Net income	10.914	8.976	7.615	7.541
Profitability				
Net margin (%)	39,4%	23,2%	20,2%	19,5%

Figure 2. Vale– Cash Flow in US\$ Millions (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	27.686	38.667	37.748	38.652
(-) COGS	(17.877)	(24.271)	(25.294)	(26.461)
Adjusted EBITDA	15.215	15.783	13.923	13.685
EBIT	13.006	12.688	10.785	10.494
(-) Taxes	(906)	(757)	(524)	(567)
(+) D&A	2.209	3.095	3.138	3.191
(+/-) Brumadinho and Samarco	(1.017)	(989)	(661)	(831)
(+/-) Δ WK	798	293	(770)	49
(-) Capex	(4.087)	(4.188)	(4.117)	(4.272)
FCFF	10.003	10.142	7.850	8.064

Appendix: CMIN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	16.954	17.450	16.171	16.546
(-) COGS	(9.294)	(9.807)	(10.092)	(11.788)
Gross Profit	7.661	7.643	6.078	4.758
(-) Expenses	(1.673)	(2.569)	(2.637)	(2.739)
Adjusted EBITDA	5.988	5.872	5.960	6.050
(-) D&A	(1.199)	(1.213)	(1.270)	(1.277)
Adjusted EBIT	4.789	4.659	4.690	4.773
(+/-) Financial Result	(1.601)	(1.542)	(1.518)	(1.496)
(-) Taxes	(800)	(804)	(808)	(812)
Net Income	2.388	2.314	2.364	2.465
Profitability				
Net margin (%)	14,1%	13,3%	14,6%	14,9%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	16.954	17.450	16.171	16.546
(-) COGS	(9.294)	(9.807)	(10.092)	(11.788)
Adjusted EBITDA	5.988	5.872	5.960	6.050
EBIT	4.789	4.659	4.690	4.773
(-) Taxes	(800)	(804)	(808)	(812)
(+) D&A	1.199	1.213	1.270	1.277
(+/-) Δ WK	(890)	872	970	1.158
(-) Capex	(2.100)	(2.142)	(2.185)	(2.229)
FCFF	2.197	3.798	3.937	4.167

Appendix: Gerdau

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	73.496	74.966	77.215	79.917
(-) COGS	(58.488)	(58.900)	(60.803)	(63.210)
Gross Profit	15.008	16.066	16.412	16.708
(-) Expenses	(2.383)	(2.431)	(2.504)	(2.592)
Adjusted EBITDA	12.625	13.635	13.908	14.116
(-) D&A	(3.757)	(3.833)	(3.948)	(4.086)
EBIT	8.868	9.802	9.960	10.031
(+/-) Financial Result	(2.219)	(2.263)	(2.331)	(2.412)
(-) Taxes	(1.052)	(941)	(891)	(852)
Net income	5.597	6.599	6.738	6.767
Profitability				
Net margin (%)	7,6%	8,8%	8,7%	8,5%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	73.496	74.966	77.215	79.917
(-) COGS	(58.488)	(58.900)	(60.803)	(63.210)
Adjusted EBITDA	12.625	13.635	13.908	14.116
EBIT	8.868	9.802	9.960	10.031
(-) Taxes	(1.052)	(941)	(891)	(852)
(+) D&A	3.757	3.833	3.948	4.086
(+/-) Δ WK	(110)	(112)	(115)	(119)
(-) Capex	(6.000)	(4.700)	(6.500)	(6.700)
FCFF	5.463	7.883	6.401	6.446

Appendix: CSN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	44.968	47.050	49.679	52.844
(-) COGS	(32.737)	(35.278)	(39.334)	(43.584)
Gross Profit	12.231	11.772	10.345	9.260
(-) Expenses	(6.016)	(6.249)	(4.968)	(4.584)
Adjusted EBITDA	11.156	13.220	13.692	15.094
(-) D&A	(3.996)	(4.200)	(4.596)	(5.099)
EBIT	6.215	5.523	5.377	4.676
(+/-) Financial Result	(6.775)	(6.653)	(6.695)	(6.800)
(-) Taxes	25	384	448	722
Net Income	(535)	(746)	(869)	(1.402)
Profitability				
Net Margin (%)	-1,2%	-1,6%	-1,8%	-2,7%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	44.968	47.050	49.679	52.844
(-) COGS	(32.737)	(35.278)	(39.334)	(43.584)
Adjusted EBITDA	11.156	13.220	13.692	15.094
EBIT	6.215	5.523	5.377	4.676
(-) Taxes	25	384	448	722
(+) D&A	3.996	4.200	4.596	5.099
(+/-) Δ WK	1.349	1.412	1.490	1.585
(-) Capex	(5.153)	(5.041)	(5.041)	(5.041)
FCFF	6.431	6.477	6.871	7.042

Appendix: Usiminas

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	27.200	27.474	28.316	29.298
(-) COGS	(24.524)	(22.747)	(23.464)	(25.153)
Gross Profit	2.676	4.727	4.853	4.145
(-) Expenses	(3.477)	(961)	(991)	(1.014)
Adjusted EBITDA	2.164	2.261	2.296	1.468
(-) D&A	(1.210)	(1.017)	(1.033)	(1.031)
EBIT	(801)	3.766	3.861	3.131
(+/-) Financial Result	(174)	(228)	232	412
(-) Taxes	(1.596)	(962)	(2.289)	(1.733)
Net income	(2.386)	2.885	2.113	2.118
Profitability				
Net margin (%)	-8,8%	10,5%	7,5%	7,2%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	27.200	27.474	28.316	29.298
(-) COGS	(24.524)	(22.747)	(23.464)	(25.153)
Adjusted EBITDA	2.164	2.261	2.296	1.468
EBIT	(801)	3.766	3.861	3.131
(-) Taxes	(1.596)	(962)	(2.289)	(1.733)
(+) D&A	1.210	1.017	1.033	1.031
(+/-) Δ WK	(662)	480	(187)	(71)
(-) Capex	(1.266)	(1.266)	(1.013)	(1.013)
FCFF	(3.116)	3.035	1.405	1.345

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