

## Metals & Mining

### From Macro to Micro: Iron ore revised up, conviction still cautious

LatAm Metals & Mining

#### Main takeaways on China:

(i) M2 expanded **+8.6% y/y** (+0.1p.p. m/m), masking persistent credit weakness as new loans shrank in Apr (-3% m/m) for the **2nd** consecutive month, with household borrowing contracting and government bond financing making up the bulk of net credit expansion; (ii) Retail sales grew just **+0.2% y/y** (-1.5p.p. m/m; -1.8p.p. vs. consensus), the weakest reading since Dec/22, reflecting deteriorating household confidence, weak income growth and housing market uncertainty; (iii) Industrial production printed at **+4.1% y/y** (-1.6p.p. m/m; -1.9p.p. vs. consensus), the slowest pace since Jul/23, with the simultaneous miss in both retail sales and IP the most concerning data combination of the cycle so far; (iv) FAI ex-Rural contracted **-1.6% y/y** YTD, with property investment at **-13.7% y/y** and new home prices declining **-3.5% y/y** for the 34th consecutive month, though the monthly pace eased to just **-0.1% m/m**; (v) Iron ore port inventories held at **138.0Mt** (flat w/w), **+19%** above the 6Y baseline, while global shipments fell to **28.6Mt** (-15% w/w) on a sharp Brazilian drop (-47% w/w); (vi) Iron ore 61% Fe (DCE) prices eased to **US\$106.1/t** (-2.7% w/w), with rebar apparent consumption at **2.4Mt** (-0.5% w/w), the lowest in nearly 4Y, and mills shifting to a "replenish-as-needed" strategy; (vii) We are upgrading our **61% Fe** curve to **US\$102.5/t 26E** (+5.7% vs. prior), **US\$100.5/t 27E** (+18% vs. prior) and **US\$94.0/t 28E** (+25% vs. prior), reflecting Simandou's more backloaded ramp-up (15Mt 26E vs. 20Mt previously) and structural supply-side rigidities; (viii) Mill inventories fell to **4.2Mt** (-5% w/w) and distributor stocks to **19.5Mt** (-4% w/w), with destocking appearing demand-driven rather than supply-constrained; (ix) BF utilization edged up to **90%** (+0.2p.p. w/w), hot metal output at **2.4Mt/day** and mill profitability at **64%** (+4p.p. w/w); (x) EAF utilization rebounded to **61%** (+0.8p.p. w/w), ending a four-week declining streak driven by margin-window reopening at mini-mills in East China.

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 3 of May, 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**).

While **China's macro activity data** deteriorated broadly in Apr, the macro picture this week is defined by a **simultaneous slip** across consumption + investment + production, a combination we view as **one of the most concerning data points** of the slowdown cycle so far.

On the demand side, **retail sales** grew just **+0.2% y/y** (-1.5p.p. m/m; -1.8p.p. vs. BBG consensus), the **weakest reading since Dec/22**, sharply missing forecasts and confirming considerable deterioration in household spending amid weak consumer confidence and housing market uncertainty.

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#### Companies

**VALE US Equity**  
Neutral

**Price:** US\$ 16.36 (20-May-2026)  
**Target Price 12M:** US\$ 18.00 (NYSE)

**VALE3 BZ Equity**  
**Target Price 12M:** R\$ 90.00 (B3)

**CMIN3 BZ Equity**  
Under Review

**Price:** R\$ 4.50 (20-May-2026)  
**Target Price 12M:** R\$ 6.00

**GGBR4 BZ Equity**  
Neutral

**Price:** R\$ 23.57 (20-May-2026)  
**Target Price 12M:** R\$ 21.50

**CSNA3 BZ Equity**  
Under Review

**Price:** R\$ 6.13 (20-May-2026)  
**Target Price 12M:** R\$ 9.00

**USIM5 BZ Equity**  
Neutral

**Price:** R\$ 9.63 (20-May-2026)  
**Target Price 12M:** R\$ 8.00

**FAI ex-Rural** also reversed into contraction at **-1.6% y/y YTD** (-3.3p.p. vs. 1Q26), driven by **(i)** slowing construction activity and **(ii)** weaker infrastructure investment, **with property investment** plunging to **-13.7% y/y YTD** and **residential sales** by floor area declining **-15.7% y/y YTD**.

New home prices across 70 cities contracted **-3.5% y/y**, marking the 34th consecutive month of decline. **Industrial production** also disappointed at **+4.1% y/y** (-1.6p.p. m/m; -1.9p.p. vs. BBG consensus), the **slowest pace since Jul/23**, pressured by higher energy costs linked to the Iran war and weakening global demand. On a more constructive note, the surveyed urban **unemployment rate** edged down to **5.2%** (-0.2p.p. m/m; -0.1p.p. vs. BBG consensus), the lowest level since Jan/26, though we do not believe this is sufficient to materially shift the consumption outlook in isolation.

Against this weak macro backdrop, we note the steel complex is sending a more nuanced signal. Iron ore **port inventories** held steady at **138.0Mt** (flat w/w), standing **+19%** vs. 6Y seasonal average, still structurally elevated. However, **more constructive dynamic** at the mill level as the **BF utilization rate** edged up to **90%** (+0.2p.p. w/w), hot metal **output** rose to **2.4Mt/day** (+0.2% w/w), and mill **gross profitability** improved to **64%** (+4p.p. w/w), providing a **margin window** that is sustaining and marginally lifting production levels. **EAF utilization rate** also rebounded to **61%** (+0.8p.p. w/w), ending a four-week declining streak, driven by improving profitability prompting mini-mill restarts. Simultaneously, both mill and distributor inventories are destocking at an accelerating pace, with **total mill yard inventories** falling to **4.2Mt** (-5% w/w) and **distribution inventories** declining to **19.5Mt** (-4% w/w), occurring against a backdrop of essentially flat output, which we read as **demand-driven destocking** rather than supply constraint.

In this context, **iron ore prices** 61% Fe (DCE) ended the week at **US\$106.1/t** (-2.7% w/w), extending the pullback from >US\$110/t levels seen earlier in the month. While near-term price momentum is softer, the constructive mill-level dynamics described above have led us to **revise** our **61% Fe iron ore price curve** upward: **(i)** US\$104.8/t in 1H26E; **(ii)** US\$100.3/t in 2H26E; **(iii)** US\$102.5/t 26E (+5.7% vs. previously); **(iv)** US\$100.5/t 27E (+18% vs. previously); and **(v)** US\$94.0/t 28E (+25% vs. previously), with the latter reflecting a more pronounced step-down as Simandou's ramp-up delivers incremental volume into an already well-supplied seaborne market. That said, we remain **caution** against extrapolating this into a structurally bullish view. We advise that iron ore price forecasts have become **increasingly difficult to get right** in the short term, given that the market has proven **more resilient vs. the bearish outlook** driven by rising supply in the coming years. It is possible that this will **even out around 2027–28**, allowing us to adjust the curve downward once again.

## China

### Macroeconomics

**M2: Slight acceleration masks persistent credit weakness.** The PBoC released this week monetary data for Apr, with M2 expanding **+8.6% y/y** (+0.1p.p. m/m; +0.1p.p. vs. BBG consensus), edging up from Mar and reflecting a modest acceleration in liquidity growth across the economy, consistent with an accommodative monetary stance.

Despite the marginally positive headline print, we assess a familiar divergence between ample **liquidity conditions vs. weak credit transmission**, a dynamic we have been flagging for some time. New loans unexpectedly shrank in Apr (-3% m/m), with **weak household loan demand** cited as the main culprit, as growth in outstanding loans to households contracted outright for the 2<sup>nd</sup> consecutive month. Medium and long-term loans to households, a proxy for mortgages, dropped in Apr, while short-term household borrowing also fell, with credit data suggesting new housing loan demand was more than offset by early repayments.

Government bond financing made up the bulk of net credit expansion in the period. The M1 grew +5.0% y/y in Apr (-0.1p.p. m/m; -0.2p.p. vs. BBG consensus), while outstanding Total Social Financing (TSF) rose +7.8% y/y (-0.1p.p. m/m). Taken together with subdued CPI, persistent PPI deflation, and the weak domestic demand indicators discussed below, the M2 indicator continues to suggest that **monetary policy remains accommodative but increasingly constrained by demand-side weakness**. We do not expect the PBoC to rush into further policy easing, as producer prices in Apr surged past forecasts to a 45M high and consumer inflation also picked up amid elevated global energy costs. We maintain our view that flat or incrementally rising M2 **does not imply a positive bias for the real economy** so long as credit continues to accumulate within the banking system rather than translating into productive household and corporate borrowing.

**Retail Sales: Weakest reading in 4Y.** The NBS released this week its Apr activity data, with **retail sales** growing just **+0.2% y/y** (-1.5p.p. m/m; -1.8p.p. vs. BBG consensus), marking the **weakest reading since Dec/22**, as China started to loosen its COVID curbs, and sharply missing markets' forecast for a rise. The breadth of the miss is difficult to dismiss as noise. We believe this reflects considerable deterioration in household spending, driven by **weak consumer confidence**, concerns over income growth, and uncertainty surrounding the housing market, which have continued to **restrain discretionary spending even as authorities roll out targeted stimulus measures**. In addition, domestic car sales fell in Apr (-21.6% y/y), a seventh consecutive monthly decline, even as Chinese automakers pushed harder into overseas markets to compensate for anemic home demand. On the YTD basis, retail sales grew +1.9% y/y (-0.5p.p. vs. 1Q26), confirming that the sequential deceleration is pulling the cumulative trend lower.

**Industrial Production: Miss consensus, weak pace of output.** Industrial production was also disappointed, printing at +4.1% y/y (-1.6p.p. m/m; -1.9p.p. vs. BBG consensus), decelerating from Mar and undershooting expectations for a rise, marking the **slowest pace of factory output growth since Jul/23**, driven by compounding pressure from **(i)** higher energy costs linked to the Iran war and **(ii)** weakening global demand as beginning to weigh more heavily on industrial activity.

In our view, the simultaneous miss in both retail sales and industrial production is the most concerning data combination of the cycle so far, as it signals that neither the consumption nor the production side of the economy has sufficient momentum to offset the structural drags. We will continue to monitor May releases closely as the key test of whether the Apr deterioration reflects a transitory shock or the beginning of a more sustained loss of economic momentum heading into 2H26E.

**FAI-ex rural: Investment turns negative.** Also released by the NBS this week, FAI ex-Rural contracted **-1.6% y/y YTD** (-3.3p.p. vs. 1Q26; -3.3p.p. vs. BBG consensus), reversing the expansion posted in Jan-Mar and marking an **unexpected swing back into contraction territory**, mostly driven by slowing construction activity, heavy rainfall in southern China, and weaker infrastructure investment as major factors behind the decline. For us, the property sector remains the dominant drag, with **property investment** plunging to **-13.7% y/y YTD** as of Apr (-2.5p.p. vs. 1Q26), while **residential property sales** by floor area declined **-15.7% y/y YTD** (-2.8p.p. vs. 1Q26), also narrowing in the prior period. New home prices across 70 cities contracted -3.5% y/y in Apr, marking the 34th consecutive month of decline and the sharpest pace since May/25.

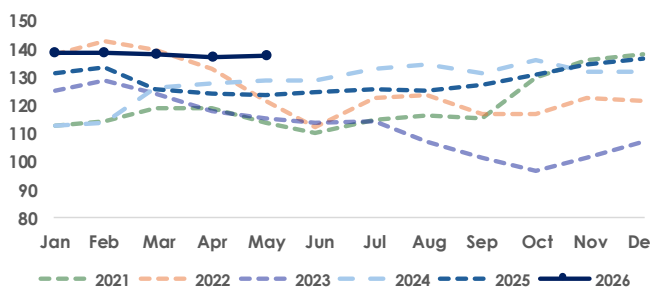
On a **monthly** basis, however, new home prices edged down just **-0.1% m/m** (flat m/m), the mildest monthly drop in a year, with Shanghai continuing to post positive annual price appreciation, in contrast to broad declines in Beijing, Guangzhou, Shenzhen, Chongqing, and Tianjin. **Used home prices** also continued to decline, albeit at a slightly slower sequential pace at -0.2% m/m (flat m/m). On a **more constructive note**, the surveyed urban **unemployment rate** edged down to **5.2%** (-0.2p.p. m/m; -0.1p.p. vs. BBG consensus), its **lowest since Jan/26**, with improvements registered across both locally registered workers (5.3% vs. 5.4%) and the migrant labor force (5.0% vs. 5.3%). While we acknowledge the **labor market improvement as a positive signal**, we **do not believe it is sufficient to materially shift the consumption outlook in isolation**, particularly given the weakness in retail sales discussed above. We maintain our view that the property sector adjustment remains the central structural overhang for the Chinese economy, and that a genuine floor in residential investment and sales volumes is unlikely before 2027E at the earliest.

## Iron Ore and Steel

**Iron ore: Port inventories flat, supply to go up in 2H26E.** Iron ore inventories at the main Chinese ports held steady at **138.0Mt** (flat w/w) in the week ended **May. 15**, with the build standing at YTD (+1%), and **still elevated vs. last 6Y average of 116.4Mt** (+19%), implying stockpiles remain roughly above the historical seasonal baseline. We believe the flat w/w headline conceals diverging dynamics across the supply chain. According to our survey data, steel mill-held iron ore inventories edged up to 89Mt (flat w/w), a reversal from the drawdown observed in recent weeks and consistent with **mills rebuilding raw material buffers** as profitability improves and **BF utilization remains elevated**. Daily average port clearance volumes rose to **3.2Mt/day** (+4% w/w), though the **vessel queue** at port expanded to **109 vessels** (+7 w/w), pointing to sustained near-term arrival pressure. Port inventories have now drawn down for four consecutive weeks, a trend driven primarily by a temporary dip in vessel arrivals, but this momentum is expected to slow materially as inbound shipments rebound.

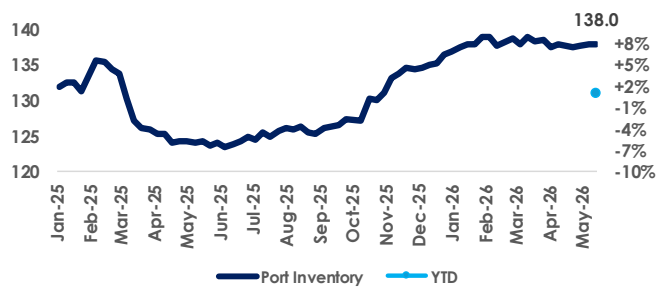
On the **supply** side, global iron ore shipments totaled **28.6Mt** (-15% w/w) last week, with combined **Australian + Brazilian** volumes falling to **22.9Mt** (-17% w/w), driven primarily by Brazil, where shipments dropped sharply to 4.7Mt (-47% w/w). Australian shipments also eased to 18.2Mt (-2% w/w), of which 15.7Mt was directed to China (-6% w/w). Despite the week's contraction, we would **not read this as a supply inflection**.

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



Source: Bloomberg, Genial Investimentos

**Graph 2. Iron ore port inventory 2026 (Mt)**



Source: Bloomberg, Genial Investimentos

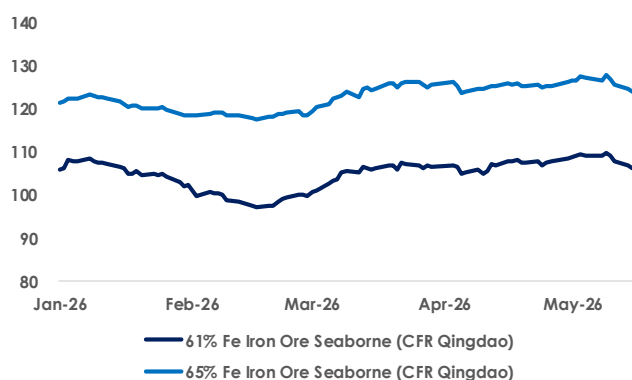
With Australia's cyclone season concluding, the late-May through Jun window historically marks the **seasonal peak for seaborne shipments**, and port inventories across seven major Australian and Brazilian terminals already recovered to **13.1Mt** (+1.3Mt w/w), pointing to a **near-certain rebound in arrivals**, leaving the seaborne market probably **well-supplied into 2H26E**.

**Iron ore: Prices slip; hot metal output nearing near-term peak.** Iron ore prices (DCE) ended the week at **US\$106.1/t** (-2.7% w/w), extending the pullback from the >US\$110/t levels seen earlier in the month. We believe the move is consistent with our read that price strength in recent weeks has been supported more by sentiment and margin-driven restocking than by a durable improvement in underlying fundamentals. On the **demand** side, conditions remain constructive, but are showing early signs of fatigue.

Several signals suggest hot metal output is approaching a near-term peak, as (i) output growth has stalled for consecutive weeks, and upcoming maintenance schedules point to a modest sequential decline ahead; (ii) a widening profitability divergence between EAF and BF routes, combined with rising expectations of seasonal demand softening for finished steel, is beginning to cap production incentives; (iii) end-user demand is slowing down, with rebar apparent consumption at 2.4Mt (-0.5% w/w), the lowest reading in nearly 4Y, and potentially the demand peak for May.

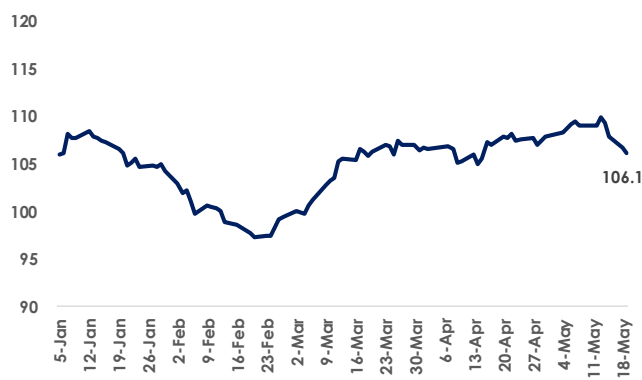
Against this backdrop, we noted that mills have shifted to a **"replenish-as-needed" procurement strategy**, reducing appetite for high-priced iron ore purchases. Mill-held iron ore inventories stand at **87.8Mt** (flat w/w), with an **inventory-to-consumption ratio of 29.8 days**, what we consider to be insufficient to signal any meaningful restocking impulse. Combined with elevated port inventories and a seaborne supply pipeline set to strengthen as Australia's cyclone season concludes and Brazilian shipments normalize, we continue to see the fundamental setup as skewed to the downside. Our curve reflects this as we see **US\$100.3/t** in 2H26E.

**Graph 3. Iron Ore Price (Spot - Fastmarkets)**



Source: Bloomberg, Genial Investimentos

**Graph 4. 61% Fe Iron Ore Price (Spot - Fastmarkets)**



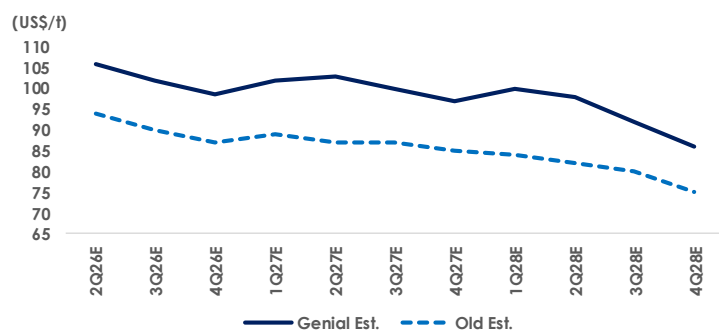
Source: Bloomberg, Genial Investimentos

**Iron ore: 61% Fe curve uplift.** We assess that the merge of demand-side resilience and supply-side delays should leave the near-term balance **less bearish** than our prior assumptions implied. On the **demand** side, China's steel complex is showing early signs of tightening. Mill and distribution **inventories are declining** at an accelerating pace, and critically, this **destocking appears demand-driven** rather than supply-constrained, occurring against a backdrop of **essentially flat output**. In addition, **BF** utilization rate is holding at **90-levels**, hot metal output has edged up and mill **gross profitability** has improved to **64%** (2x. more YTD), providing a **margin window** that is sustaining, and marginally lifting production levels.

On the **supply** side, Simandou's ramp up is proving more backloaded than previously anticipated, now expected to deliver **15Mt 26E** (vs. 20Mt previously), while structural rigidities, such as environmental constraints, port infrastructure bottlenecks, and capital allocation delays, continue to **compress seaborne supply elasticity** beyond what our prior models had assumed. Consequently, we are **upgrading our 61% Fe iron ore price curve** (shifted from 62% Fe). It is important to note that the market is starting to rely more on this benchmark vs. 62% Fe standard, which served as the basis for decades, since this would better reflect current transactions involving iron ore of slightly lower quality vs. previous years. Our revised assumptions are: **(i) US\$104.8/t** in 1H26E; **(ii) US\$100.3/t** in 2H26E; **(iii) US\$102.5/t 26E** (+5.7% vs. previously); **(iv) US\$100.5/t 27E** (+18% vs. previously); and **(v) US\$94.0/t 28E** (+25% vs. previously), with the latter reflecting a more pronounced step-down as Simandou's ramp-up delivers incremental volume.

That said, we would caution against extrapolating the near-term constructive read into a structurally bullish view. Port inventories remain elevated (138Mt) and well above the last 6Y average (+19%), and the seaborne supply pipeline remains intact, as Australia's cyclone season concludes and Brazilian shipments normalize, arrivals are set to **rebound into 2H26E** (justifying our assumption vs. 1H26E). We also highlight that iron ore price forecasts have become **increasingly difficult to get right** in the short term, given that the market has proven **more resilient vs. the bearish outlook** driven by rising supply in the coming years. It is possible that this will even **out around 2027-28**, allowing us to adjust the curve downward once again.

**Graph 5. New Iron Ore 61% Fe curve forecast**



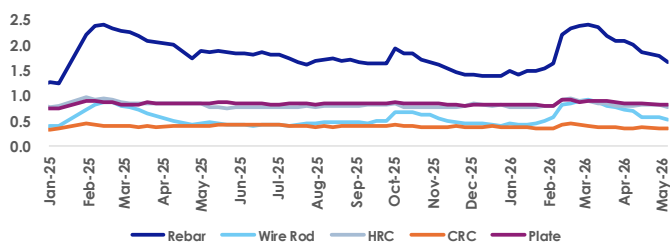
Source: Bloomberg, Genial Investimentos

**Steel: Mill inventories edge lower by demand driven.** Considering the five main products monitored, total inventories at mills' yards declined to **4.2Mt** (-5% w/w), extending the destocking trend for another week. This week's decline was broad-based across most categories: **(i)** rebar fell to 1.7Mt (-7% w/w), **(ii)** wire rod dropped to 529Kt (-8% w/w), **(iii)** HRC slipped to 785Kt (-5% w/w), **(iv)** CRC retreated to 352Kt (-2% w/w), while **(v)** thick plates edged up to 831Kt (+1% w/w), the lone exception. At the distribution level, inventories also declined at a faster pace. Inventories held by **traders** and **distribution centers** across the 132 cities monitored decreased to **19.5Mt** (-4% w/w), a steeper drop than the prior week, with the pullback broad-based across all five products.

On the production side, both long and flat segments remained largely stable this week. **Rebar output** recovered after two consecutive weeks of declines, rising to **2.0Mt** (+2% w/w), with the **capacity utilization rate** averaging **44%** (+1p.p. w/w) and the **run rate rebounding** to **41%** (+3p.p. w/w), as some steelmakers completed maintenance. **HRC production** remained largely steady, dipping marginally to **3.0Mt** (-1% w/w), with the operational rate unchanged at **78%** (flat w/w) and the capacity utilization rate edging slightly lower to **76%** (-1p.p. w/w), as most hot strip mills maintained normal operations with no obvious pressure on the receiving end.

Overall, our view is that the picture that emerges this week is one of a market that is **quietly tightening**, not dramatically, but directionally. Inventory drawdowns are accelerating at the distribution level while mill stocks continue to shrink, and this is happening vs. a backdrop of output that is essentially flat. We believe this destocking is **demand-driven** rather than supply-constrained, though we **remain cautious**. Chinese steel demand has a well-documented **tendency to disappoint** after the initial **spring seasonal lift**.

**Graph 6. Steel mills inventory (130 major cities)**

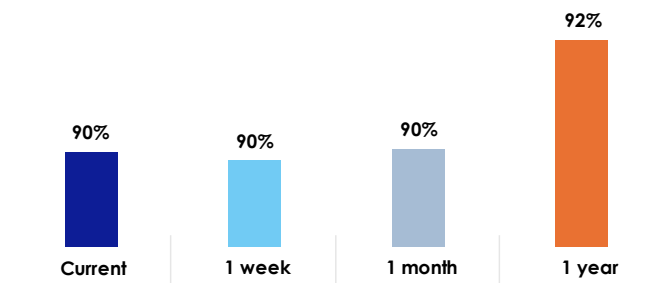


Source: My Steel, Genial Investimentos

**Steel: BF and EAF utilization rates inch higher.** Last week, the average blast furnace (BF) utilization rate across the 247 mills monitored edged up to **90%** (+0.2p.p. w/w), remaining near the top of the recent operating range and consistent with a production environment where improved **profit margins** to **64%** (+4p.p. w/w) is encouraging mills to sustain, and marginally lift, output levels. In parallel, **hot metal output** rose to **2.4Mt/day** (+0.2% w/w). Although we view this as only a slight increase, we could also say that this reflects **disciplined capacity deployment** rather than aggressive supply expansion. We note that BF utilization is holding at 90% levels and mill stocks are still declining, so the data reinforces the **demand-absorption narrative** rather than a supply-driven destocking.

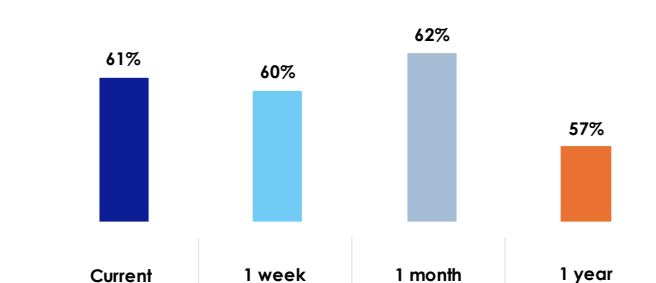
On the electric arc furnaces (EAFs) side, the **utilization rate** rebounded to **61%** (+0.8p.p. w/w), ending a four-week declining streak, driven by **improving profitability on steel sales**, which prompted a number of mini-mills, particularly in East China, to restart following maintenance stoppages. We believe that the move mirrors the BF dynamic, as output is being lifted **not by an underlying demand conviction**, but by a **margin window** that has temporarily opened.

**Graph 8. BF capacity utilization % (weighted average)**



Source: My Steel, Genial Investimentos

**Graph 9. EAF capacity utilization % (weighted average)**



Source: My Steel, Genial Investimentos

## Appendix: Vale

**Figure 1. Vale – Income Statement in US\$ Millions (Genial Est. 2026-2029)**

<b>Income Statement</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>39,871</b>	<b>41,728</b>	<b>43,264</b>	<b>44,205</b>
(-) COGS	(26,430)	(28,373)	(29,427)	(29,894)
<b>Gross Profit</b>	<b>13,441</b>	<b>13,355</b>	<b>13,837</b>	<b>14,311</b>
(-) Expenses	(4,540)	(6,016)	(5,470)	(6,130)
<b>Proforma EBITDA</b>	<b>16,942</b>	<b>17,007</b>	<b>17,634</b>	<b>18,217</b>
(-) D&A	(3,126)	(3,272)	(3,392)	(3,466)
<b>EBIT</b>	<b>8,901</b>	<b>7,339</b>	<b>8,366</b>	<b>8,181</b>
(+/-) Financial Result	(2,001)	(1,502)	(1,800)	(1,735)
(-) Taxes	149	129	144	142
<b>Net income</b>	<b>7,621</b>	<b>6,567</b>	<b>7,346</b>	<b>7,251</b>
<b>Profitability</b>				
Net margin (%)	19.1%	15.7%	17.0%	16.4%

**Figure 2. Vale– Cash Flow in US\$ Millions (Genial Est. 2026-2029)**

<b>Cash Flow (FCFF)</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>39,871</b>	<b>41,728</b>	<b>43,264</b>	<b>44,205</b>
(-) COGS	(26,430)	(28,373)	(29,427)	(29,894)
<b>Proforma EBITDA</b>	<b>16,942</b>	<b>17,007</b>	<b>17,634</b>	<b>18,217</b>
<b>EBIT</b>	<b>8,901</b>	<b>7,339</b>	<b>8,366</b>	<b>8,181</b>
(-) Taxes	(3,454)	(3,434)	(3,560)	(3,688)
(+) D&A	3,126	3,272	3,392	3,466
(+/-) Δ WK	(323)	(583)	(468)	(531)
(-) Capex	(5,550)	(5,606)	(5,662)	(5,718)
<b>FCFF</b>	<b>7,616</b>	<b>7,385</b>	<b>7,944</b>	<b>8,280</b>

## Appendix: CMIN

**Figure 1. CMIN – Income Statement in R\$ Millions (Genial Est. 2026-2029)**

Income Statement	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>18,741</b>	<b>19,633</b>	<b>19,999</b>	<b>20,491</b>
(-) COGS	(9,958)	(10,910)	(11,671)	(12,375)
<b>Gross Profit</b>	<b>8,783</b>	<b>8,724</b>	<b>8,327</b>	<b>8,115</b>
(-) Expenses	(3,571)	(3,372)	(3,600)	(3,845)
<b>Adjusted EBITDA</b>	<b>6,657</b>	<b>6,936</b>	<b>6,418</b>	<b>6,056</b>
(-) D&A	(1,295)	(1,405)	(1,505)	(1,596)
<b>EBIT</b>	<b>5,212</b>	<b>5,351</b>	<b>4,727</b>	<b>4,270</b>
(+/-) Financial Result	(904)	(725)	(644)	(569)
(-) Taxes	(1,465)	(1,573)	(1,388)	(1,258)
<b>Net Income</b>	<b>2,843</b>	<b>3,053</b>	<b>2,695</b>	<b>2,443</b>
<b>Profitability</b>				
Net Margin (%)	15.2%	15.6%	13.5%	11.9%

**Figure 2. CMIN – Cash Flow in R\$ Millions (Genial Est. 2026-2029)**

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>18,741</b>	<b>19,633</b>	<b>19,999</b>	<b>20,491</b>
(-) COGS	(9,958)	(10,910)	(11,671)	(12,375)
<b>Adjusted EBITDA</b>	<b>6,657</b>	<b>6,936</b>	<b>6,418</b>	<b>6,056</b>
<b>EBIT</b>	<b>5,212</b>	<b>5,351</b>	<b>4,727</b>	<b>4,270</b>
(-) Taxes	(1,465)	(1,573)	(1,388)	(1,258)
(+) D&A	1,295	1,405	1,505	1,596
(+/-) Δ WK	843	883	900	1,025
(-) Capex	(2,422)	(2,300)	(2,200)	(2,100)
<b>FCFF</b>	<b>3,614</b>	<b>3,946</b>	<b>3,729</b>	<b>3,722</b>

## Appendix: Gerdaul

**Figure 1. Gerdaul – Income Statement in R\$ Millions (Genial Est. 2026-2029)**

<b>Income Statement</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>70,546</b>	<b>71,869</b>	<b>72,114</b>	<b>72,714</b>
(-) COGS	(61,026)	(61,444)	(61,603)	(62,058)
<b>Gross Profit</b>	<b>9,519</b>	<b>10,425</b>	<b>10,512</b>	<b>10,656</b>
(-) Expenses	(3,480)	(3,882)	(4,057)	(4,161)
<b>Adjusted EBITDA</b>	<b>11,565</b>	<b>12,388</b>	<b>12,513</b>	<b>12,652</b>
(-) D&A	(3,757)	(3,784)	(3,798)	(3,804)
<b>EBIT</b>	<b>6,040</b>	<b>6,542</b>	<b>6,455</b>	<b>6,496</b>
(+/-) Financial Result	(1,431)	(1,319)	(1,213)	(1,108)
(-) Taxes	(1,073)	(1,045)	(943)	(808)
<b>Net income</b>	<b>3,536</b>	<b>4,179</b>	<b>4,298</b>	<b>4,579</b>
<b>Profitability</b>				
Net margin (%)	5.0%	5.8%	6.0%	6.3%

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

<b>Cash Flow (FCFF)</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>70,546</b>	<b>71,869</b>	<b>72,114</b>	<b>72,714</b>
(-) COGS	(61,026)	(61,444)	(61,603)	(62,058)
<b>Adjusted EBITDA</b>	<b>11,565</b>	<b>12,388</b>	<b>12,513</b>	<b>12,652</b>
<b>EBIT</b>	<b>6,040</b>	<b>6,542</b>	<b>6,455</b>	<b>6,496</b>
(-) Taxes	(1,073)	(1,045)	(943)	(808)
(+) D&A	3,757	3,784	3,798	3,804
(+/-) Δ WK	(100)	(359)	(361)	(364)
(-) Capex	(4,700)	(5,000)	(5,000)	(5,000)
<b>FCFF</b>	<b>5,692</b>	<b>5,983</b>	<b>6,209</b>	<b>6,481</b>

## Appendix: CSN

**Figure 1. CSN – Income Statement in R\$ Millions (Genial Est. 2026-2029)**

Income Statement	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>43,615</b>	<b>45,671</b>	<b>46,862</b>	<b>47,841</b>
(-) COGS	(32,014)	(33,229)	(33,798)	(34,715)
<b>Gross Profit</b>	<b>11,601</b>	<b>12,442</b>	<b>13,064</b>	<b>13,126</b>
(-) Expenses	(7,153)	(8,062)	(8,400)	(8,768)
<b>Adjusted EBITDA</b>	<b>11,178</b>	<b>11,884</b>	<b>12,516</b>	<b>12,567</b>
(-) D&A	(4,070)	(4,314)	(4,554)	(4,842)
<b>EBIT</b>	<b>4,448</b>	<b>4,380</b>	<b>4,664</b>	<b>4,357</b>
(+/-) Financial Result	(5,744)	(5,315)	(4,939)	(4,569)
(-) Taxes	439	299	85	67
<b>Net Income</b>	<b>(857)</b>	<b>(637)</b>	<b>(189)</b>	<b>(145)</b>
<b>Profitability</b>				
Net Margin (%)	-2.0%	-1.4%	-0.4%	-0.3%

**Figure 2. CSN – Cash Flow in R\$ Millions (Genial Est. 2026-2029)**

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>43,615</b>	<b>45,671</b>	<b>46,862</b>	<b>47,841</b>
(-) COGS	(32,014)	(33,229)	(33,798)	(34,715)
<b>Adjusted EBITDA</b>	<b>11,178</b>	<b>11,884</b>	<b>12,516</b>	<b>12,567</b>
<b>EBIT</b>	<b>4,448</b>	<b>4,380</b>	<b>4,664</b>	<b>4,357</b>
(-) Taxes	(1,512)	(1,489)	(1,586)	(1,481)
(+) D&A	4,070	4,314	4,554	4,842
(+/-) Δ WK	218	228	234	239
(-) Capex	(6,055)	(5,994)	(5,934)	(5,875)
<b>FCFF</b>	<b>3,829</b>	<b>4,628</b>	<b>5,230</b>	<b>5,449</b>

## Appendix: Usiminas

**Figure 1. Usiminas – Income Statement in R\$ Millions (Genial Est. 2026-2029)**

Income Statement	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>26,044</b>	<b>27,136</b>	<b>27,633</b>	<b>27,768</b>
(-) COGS	(24,319)	(24,659)	(24,947)	(25,208)
<b>Gross Profit</b>	<b>1,724</b>	<b>2,477</b>	<b>2,686</b>	<b>2,560</b>
(-) Expenses	(1,315)	(1,374)	(1,389)	(1,380)
<b>Adjusted EBITDA</b>	<b>1,605</b>	<b>2,372</b>	<b>2,583</b>	<b>2,461</b>
(-) D&A	(1,303)	(1,351)	(1,366)	(1,358)
<b>EBIT</b>	<b>410</b>	<b>1,103</b>	<b>1,297</b>	<b>1,180</b>
(+/-) Financial Result	(15)	54	132	210
(-) Taxes	(89)	(219)	(218)	(155)
<b>Net income</b>	<b>306</b>	<b>938</b>	<b>1,211</b>	<b>1,236</b>
<b>Profitability</b>				
Net margin (%)	1.2%	3.5%	4.4%	4.4%

**Figure 2. Usiminas– Cash Flow in R\$ Millions (Genial Est. 2026-2029)**

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>26,044</b>	<b>27,136</b>	<b>27,633</b>	<b>27,768</b>
(-) COGS	(24,319)	(24,659)	(24,947)	(25,208)
<b>Adjusted EBITDA</b>	<b>1,605</b>	<b>2,372</b>	<b>2,583</b>	<b>2,461</b>
<b>EBIT</b>	<b>410</b>	<b>1,103</b>	<b>1,297</b>	<b>1,180</b>
(-) Taxes	(89)	(219)	(218)	(155)
(+) D&A	1,303	1,351	1,366	1,358
(+/-) Δ WK	771	271	276	278
(-) Capex	(1,500)	(1,500)	(1,500)	(1,500)
<b>FCFF</b>	<b>895</b>	<b>1,006</b>	<b>1,221</b>	<b>1,161</b>

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