

CSN & CMIN

3Q24 Review: Mining weighed negatively, but other advances are taking place

LatAm Metals & Mining

Main takeaways for CMIN:

(i) **Realized price** under pressure, clocking in at **R\$45.90/t** (-6.3% vs. Genial Est.), down -21.7% q/q; (ii) Increase in **Shipments** accompanying seasonality at a **new record hit**, totaled **11.88Mt** (-1.0% vs. Genial Est.), up +10.1% q/q and +2.0% y/y; (iii) **Cost Efficiency with COGS/t**, reported at R\$173.6/t (-1.5% vs. Genial Est.), down -5.2% q/q and -10.6% y/y. The **C1/t** reached **US\$19.2/t** (-9.4% q/q; -10.0% y/y); (iv) Adjusted **EBITDA** was **R\$1.1bn** (+10% vs. Genial Est.), a contraction of -29.6% q/q and -42.7% y/y; (v) Trading at **5.1x EV/EBITDA 25E** (vs. 5.5x historical), considering the increase in own production and continued reduction in C1/t. However, the challenging macroeconomic scenario in China imposes limitations on the potential for higher pricing assumptions at this stage. We therefore reiterate our **NEUTRAL** rating, with a **12M Target Price** of **R\$6.00**, indicating an **upside** of **+8.11%**.

Main takeaways for CSN:

(i) **Steel** sales of **1.17Mt** (+4.2% vs. Genial Est.), up +3.8% q/q and +14.5% y/y; (ii) The realized price stood at **R\$5,148/t** (+2.1% vs. Genial Est.), up +3.5% q/q; (iii) In the **Cement** division, shipments of **3.6Mt** (-0.8% vs. Genial Est.), flat q/q and +11% y/y, with prices remaining under pressure; (iv) **Net revenue** clocking in at **R\$11bn** (+1.6% vs. Genial Est.), up +1.7% q/q and marginally down -0.5% y/y; (v) **Steel COGS/t** reported at **R\$4,894/t** (+5.1% vs. Genial Est.), up +1.6% q/q and down -4% y/y; (vi) Adjusted **EBITDA** was **R\$2.3bn** (-6.8% vs. Genial Est.), down -13.6% q/q and -18.9% y/y, pressured by the fall in iron ore prices; (vii) At the bottom line, **Loss** reported at -R\$751mn (vs. +R\$430mn Genial Est.); (viii) On leverage indicator, **Net Debt/EBITDA** reached **3.34x** (-0.02x vs. 2Q24). We highlight the need for a more expressive reduction to strengthen the company's investment thesis; (ix) With CSN trading at **4.3x EV/EBITDA 25E**, we reiterate our **NEUTRAL** rating, with a **12M Target Price** of **R\$12.75** (vs. R\$13.35 previously), indicating an **upside** of **+14.96%**.

CSN and CMIN released their **3Q24 results** yesterday, **November 12**, after the market closed. The company **faced difficulties** in the **mining segment** (CMIN), due to the **contraction in the 62% Fe curve** (-11% q/q), while demand for steel in the domestic market and progress in the cement division represent points of partial relief in the company's consolidated results. As **CMIN** still has a lot of influence on the **CSN holding's** results, the figures contracted, marking a **tough quarter**, as we had anticipated. The **Mining** division (**CMIN**) reported **Net revenue** of **R\$3.9bn** (+16% vs. Genial Est.), which although higher than expected, was down -5.3% q/q and -18.0% y/y. Sales totaled 11.9Mt (-1.0% vs. Genial Est.), with growth of +10.1% q/q and +2.1% y/y, in yet another quarter of record shipments. **EBITDA** was **R\$1.1bn** (+10% vs. Genial Est.), **down -30% y/y** and **-43% y/y**. On the side that the company controls, **costs continue on a downward trajectory**, reaching **C1/t** of **US\$19.2/t**, contracting -9.4% q/q and -10.0% y/y.

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Companies

CSNA3 BZ Equity

Neutral

Price: R\$ 11.08 (12-Nov-2024)

Target Price 12M: R\$ 12.75

CMIN3 BZ Equity

Neutral

Price: R\$ 5.55 (12-Nov-2024)

Target Price 12M: R\$ 6.00

Table 1. Shipments Summary (3Q24 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.					
Summary (Sales)	3Q24A	3Q24E	% Diff.	2Q24A	% q/q	3Q23A	% y/y
Steel	1.166	1.118	4,2%	1.123	3,8%	1.018	14,5%
Iron Ore	11.884	12.002	-1,0%	10.792	10,1%	11.641	2,1%
Cement	3.649	3.680	-0,8%	3.608	1,1%	3.263	11,8%

Source: CSN & CMIN, Genial Investimentos

Table 2. Income Statement Summary CMIN (3Q24 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.					
Income Statement	3Q24A	3Q24E	% Diff.	2Q24A	% q/q	3Q23A	% y/y
Net Revenue	3.967	3.392	16,9%	4.189	-5,3%	4.840	-18,0%
Adjusted EBITDA	1.139	1.030	10,6%	1.618	-29,6%	1.988	-42,7%
Net Income	446	503	-11,3%	1.507	-70,4%	1.200	-62,8%

Source: CMIN, Genial Investimentos

Table 3. Income Statement Summary CSN (3Q24 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.					
Income Statement	3Q24A	3Q24E	% Diff.	2Q24A	% q/q	3Q23A	% y/y
Net Revenue	11.067	10.889	1,6%	10.881	1,7%	11.125	-0,5%
Adjusted EBITDA	2.284	2.450	-6,8%	2.645	-13,6%	2.815	-18,9%
Net Income	(751)	430	-274,5%	(223)	-236,7%	91	-927,0%

Source: CSN, Genial Investimentos

In the **Steel** division, sales reached **1.17Mt**, exceeding projections (+4.2% vs. Genial Est.) and showing growth of +3.8% q/q and +14.5% y/y. This advance was sustained by the **recovery in demand in the domestic market (DM)**, while the **realized price (MD+FM)** stood at **R\$5,148/t** (+2.1% vs. Genial Est.), up **+3.5% q/q** due to the effect of readjustments, but with a contraction of **-2% y/y**, together with pressure from imported steel. For the **Cement** division, the company also marked good figures, with **shipments of 3.6Mt** (-0.8% vs. Genial Est.), and accelerating +1.1% q/q and +11.8% y/y, justified by **heated demand** and **market share expansion**. However, competition with Votorantim limited the **realized price**, which stood at **R\$349/t** (-1.6% q/q; -1.9% y/y).

In **CSN holding's** consolidated figures, we saw **Net revenue** of **R\$11.1bn** (+1.6% vs. Genial Est.), up slightly by +1.7% q/q, but down by -0.5% y/y. **Adjusted EBITDA** was **R\$2.2bn** (-6.8% vs. Genial Est.), down **-13.6% q/q** and **-18.9% y/y**, mainly affected by the pressure on the realized price of the mining division (CMIN), which reached R\$333/t (-16.5% q/q), negatively impacting total performance, with **CMIN** accounting for **51%** of **CSN's consolidated EBITDA**. The bottom line showed a **Loss** of **-R\$751mn** (vs. +R\$430mn Genial Est.), aggravated by the still **high leverage** and devaluation of Usiminas shares in the equity equivalence. The **Net Debt/EBITDA** indicator reached **3.34x** (-0.02x vs. 2Q24), basically flat and reinforcing the need for mitigating measures, such as the cash inflow in 4Q24 for the sale of CSN's 11% stake in CMIN to Itochu Corp.

3Q24 Review in detail!

CMIN: Strong deceleration in realized price, delivered below expectations.

CMIN reported a realized price of US\$45.9/t (-6.3% vs. Genial Est.), showing a sharp drop of -21.7% q/q and -38.8% y/y. This performance reflects an adverse scenario, with an oversupply of iron ore in Chinese ports and demand concentrated in low grade, which resulted in an impoverished mix, causing the realized price to fall more than the 62% Fe curve (-11% q/q). In addition, the impact of freight costs, aggravated by geopolitical tensions, negatively influenced the FOB price. The combination of these elements resulted in a realized price in USD below our expectations, which were already bearish. On the other hand, the conversion to BRL at R\$333/t (-16.5% q/q) helped mitigate the impact.

CMIN: Shipments grow with seasonality and good execution, reflecting yet another record break.

Shipments reached 11.8Mt (-1% vs. Genial Est.), with growth of +10.1% q/q and +2.0% y/y, reflecting the impact of the seasonal resumption of the dry period in the southeast of Brazil and operational improvements, breaking yet another volume record. Production stood at 11.4Mt (-2.8% vs. Genial Est.), up +9.8% q/q and with a slight drop of -1.2% y/y. We believe that the company's strategy of prioritizing its own production to the detriment of third-party purchases contributed to the reduction in the annual base, but reinforced its operational solidity and helped it gain margins.

CSN Holding: Realized steel price with limited effect of import quotas.

For the Steel division, we saw a consolidated realized price (MD+FM) of R\$5,148/t (+2.1% vs. Genial Est.), up +3.5% q/q and down -1.9% y/y. In the breakdown, the domestic market (MD) showed a realized price of R\$5,161/t (-0.2% vs. Genial Est.), with a modest variation of +0.2% q/q and a decline of -12.7% y/y, reflecting a worsening sales mix in the face of competition with the abundant supply of imported steel, which basically erased the effect of the +5% pass-through applied to the client portfolio. We believe that the import quota system, implemented in June by the MDIC, has not yet had a significant impact on reducing the entry of imported steel. In the foreign market (FM), the realized price reached R\$5,241/t (+10% vs. Genial Est.), registering growth of +15.4% q/q and +3.7% y/y, favored by the conversion of the USD/BRL exchange rate more than we have anticipated.

CSN Holding: Shipments exceed estimates in the steel division, with recovery in the domestic market.

For the Steel division's shipments, the company scored 1,166Kt (+4.2% vs. Genial Est.), representing an increase of +3.8% q/q and +14.5% y/y. Sales were mainly driven by the domestic market (MD), which reached 867Kt (+8.4% vs. Genial Est.), up +8.7% q/q and +16.0% y/y, reflecting stronger demand in sectors such as automotive, infrastructure and yellow machinery (construction and heavy duty). However, the foreign market (FM) showed a lower performance, with shipments of 299Kt (-6.2% vs. Genial Est.), slowing by -8.1% q/q, although still up +10.2% y/y.

CSN Holding: Expansion in the cement division with pressure on realized prices. According to our analysis, the Cement division has been gaining more and more notoriety with good execution, with shipments reaching 3.6Mt (-0.8% vs. Genial Est.), driven by favorable weather conditions and the continued higher level of utilization of the plants inherited from Lafarge Holcim. Regarding the realized price, the quest to expand market share led to a slight contraction of -1.6% q/q and -1.9% y/y, standing at R\$349/t (+2.6% vs. Genial Est.). Competition, especially from Votorantim, kept pressure on prices, but CSN managed to sustain high volumes, taking advantage of the growth in the civil construction sector and the Minha Casa, Minha Vida (MCMV) program.

CSN Holding: Net revenue boosted by cement and steel. The company reported consolidated Net revenue of R\$11bn (+1.6% vs. Genial Est.), registering a slight increase of +1.7% q/q and a retraction of -0.5% y/y. For us, the steel division was a positive highlight, with revenues of R\$6.0bn (+7.1% vs. Genial Est.), up +8.1% q/q due to a significant improvement in the level of shipments in the domestic market and a slight increase in the realized price. In the mining division (CMIN), Net revenue came in at R\$3.9bn (+16% vs. Genial Est.), which although higher than expected, contracted -5.3% q/q and -18.0% y/y. For the holding, this was reflected in revenues of R\$2.9bn (-10.7% q/q; -31.0% y/y), duly impacted by the fall in iron ore prices. The Cement unit surprised positively, reaching R\$1.2bn (+1.7% vs. Genial Est.), with growth of +2.7% q/q and 9.7% y/y, reflecting market leadership in regions of high demand, such as the Southeast, as well as the reheating of the civil construction sector.

Table 4. Net Revenue CSN (3Q24 vs. Genial Est.)

CSN (R\$ Millions)	3Q24A			2Q24A		3Q23A	
	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	11.067	10.889	1,6%	10.881	1,7%	11.125	-0,5%
Steel	6.041	5.640	7,1%	5.591	8,1%	5.344	13,1%
Mining	2.989	3.218	-7,1%	3.347	-10,7%	4.335	-31,0%
Porto	99	79	24,8%	79	24,9%	75	32,7%
Railway	793	706	12,4%	760	4,4%	730	8,6%
Energy	151	111	36,0%	103	47,3%	122	24,3%
Cement	1.272	1.250	1,7%	1.238	2,7%	1.159	9,7%
Eliminations	(279)	(103)	171,5%	(236)	18,5%	(640)	-56,3%

Source: CSN, Genial Investimentos

CMIN: Reduction in COGS/t with dilution of costs and greater own production. CMIN reported a COGS/t of R\$173.6/t (-1.5% vs. Genial Est.), down -5.2% q/q and -10.6% y/y, in line with expectations of operational efficiency gains. This performance mainly reflects the **(i)** dilution of fixed costs in the face of favorable seasonality and fortified production, as well as **(ii)** evidence of the greater penetration of own production in the mix. C1 cost/t registered US\$19.2/t (+0.2% vs. Genial Est.), representing a significant reduction of -9.4% q/q and -10.0% y/y. We attribute the notable efficiency to a better balance between own production vs. third-party purchases, greater operational efficiency and a more favorable USD/BRL exchange rate, given that costs in BRL can be translated into USD.

CSN Holding: COGS/t of steel above expectations, pressured by operating costs and Fx rate. For the Steel division, we encountered a COGS/t of R\$4,894/t (+5.1% vs. Genial Est.), up +1.6% q/q and down -4.0% y/y. This slight increase compared to our expectation of a reduction seems to us to have been influenced by the impact of operating expenses resulting from temporary stoppages, which in turn reduced operating efficiency at the Presidente Vargas plant (RJ). However, it is worth noting that the cost of slabs reached R\$3,365.9/t (-5.2% q/q; -5.5% y/y), falling as a result of a greater dilution of fixed costs and lower input pressures, given the contraction in iron ore and metallurgical coal prices.

CMIN: EBITDA performance impacted by retraction in realized prices. CMIN's adjusted EBITDA decelerated to R\$1.1bn (+10.6% vs. Genial Est.), although it exceeded our estimate, it ended up registering a drop of -29.6% q/q and -42.7% y/y. This significant contraction is mainly attributable to the reduction in the realized price of iron ore (-21.7% q/q), reflecting strong pressure from global markets and oversupply at Chinese ports. The margin fell back to 38.3% (-10.4p.p q/q), even with cost control initiatives that squeezed C1/t. Our understanding is that this performance emphasizes the importance of actions to dilute costs and increase own production to mitigate the impact of a challenging price environment in the iron ore market. In other words, the margin reduction would have been even more emphatic if it hadn't been for effective operational execution.

Table 5. Income Statement CMIN (3Q24 vs. Genial Est.)

CMIN (R\$ millions)	3Q24A			2Q24A		3Q23A	
	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	3.967	3.392	16,9%	4.189	-5,3%	4.840	-18,0%
COGS	(2.063)	(1.900)	8,6%	(1.946)	6,0%	(2.524)	-18,2%
Adjusted EBITDA	1.139	1.030	10,6%	1.618	-29,6%	1.988	-42,7%
EBITDA Margin (%)	28,7%	30,4%	-1,65p.p	38,6%	-9,91p.p	41,1%	-12,36p.p
EBIT	840	920	-8,7%	1.721	-51,2%	1.771	-52,6%
EBIT Margin (%)	21,2%	27,1%	-5,94p.p	41,1%	-19,9p.p	36,6%	-15,41p.p
D&A	(288)	(275)	4,7%	(295)	-2,4%	(264)	9,1%
Financial Result	(425)	(276)	54,1%	436	-197,5%	3	-15515,3%
Net Income	446	503	-11,3%	1.507	-70,4%	1.200	-62,8%
Net Margin (%)	11,3%	14,8%	-3,58p.p	36,0%	-24,72p.p	24,8%	-13,54p.p

Source: CMIN, Genial Investimentos

CSN Holding: EBITDA slightly below expectations with mixed performance between divisions. Consolidated adjusted EBITDA reached R\$2.3bn (-6.8% vs. Genial Est.), down -13.6% q/q and -18.9% y/y. In the Steel division, EBITDA reached R\$389mn, below estimates, even though it was reflected in a rise of +19.7% q/q and 2x y/y. Costs were a bit higher than expected. The mining unit recorded EBITDA of R\$1.1bn (-4.1% vs. Genial Est.), down -29.4% q/q and -42.9% y/y, with the strong impact of the compression in realized prices, despite delivering a record shipments volume. In the Cement segment, the company posted a slight advance of +1.0% q/q and a fortified acceleration of +31.3% y/y, reaching an EBITDA of R\$350mn (-1.2% vs. Genial Est.), showing resilience despite price pressures.

Table 6. EBITDA CSN (3Q24 vs. Genial Est.)

CSN (R\$ Millions)	3Q24A			2Q24A		3Q23A	
	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Adjusted EBITDA	2.284	2.450	-6,8%	2.645	-13,6%	2.815	-18,9%
Steel	389	498	-22,0%	325	19,7%	183	112,7%
Mining	1.123	1.171	-4,1%	1.590	-29,4%	1.966	-42,9%
Porto	45	26	73,2%	26	73,2%	19	140,3%
Railway	384	393	-2,2%	388	-0,9%	406	-5,5%
Energy	61	21	191,7%	14	334,8%	25	144,6%
Cement	350	354	-1,2%	346	1,0%	266	31,3%
Eliminations	(67)	43	-253,6%	(44)	51,8%	(50)	33,2%

Source: CSN, Genial Investimentos

CMIN: Net income impacted by price retraction and exchange rate variation.

CMIN reported Net income of R\$446mn (-11.3% vs. Genial Est.), a sharp drop of -70.4% q/q and -62.8% y/y. We believe that this result reflects the strong compression exerted by the reduction in realized iron ore prices, as well as the negative effects of exchange rate variations. In addition, the previous quarter benefited from hedge operations that were not repeated in 3Q24.

CSN Holding: Loss increased due to higher financial expenses and equity

equivalence. For the holding company, we saw a Loss of R\$751mn (vs. +430mn Genial Est.), reflecting the reversal of the previous quarter's net income. The financial result was negative at -R\$1.9bn (+29.2% q/q), impacted mainly by the rise in interest expenses and the devaluation of Usiminas shares. In addition, the absence of hedge operations, which benefited 2Q24, contributed to the negative result.

Table 7. Income Statement CSN (3Q24 vs. Genial Est.)

CSN (R\$ Millions)	3Q24A			2Q24A		3Q23A	
	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	11.067	10.889	1,6%	10.881	1,7%	11.125	-0,5%
COGS	(8.333)	(6.992)	19,2%	(7.892)	5,6%	(8.320)	0,2%
Adjusted EBITDA	2.284	2.450	-6,8%	2.645	-13,6%	2.815	-18,9%
EBITDA Margin (%)	20,6%	22,5%	-1,86p.p	24,3%	-3,67p.p	25,3%	-4,67p.p
EBIT	782	1.084	-27,9%	1.614	-51,6%	1.648	-52,6%
EBIT Margin (%)	7,1%	10,0%	-2,89p.p	14,8%	-7,77p.p	14,8%	-7,75p.p
D&A	(963)	(855)	12,7%	(938)	2,7%	(867)	11,1%
Financial Result	(1.932)	(848)	127,9%	(1.495)	29,2%	(1.223)	57,9%
Net Income	(751)	430	-274,5%	(223)	236,7%	91	-927,0%
Net Margin (%)	-6,8%	4,0%	-10,74p.p	-2,0%	-4,74p.p	0,8%	-7,6p.p

Source: CSN, Genial Investimentos

Our take on CSN and CMIN

CMIN

We recommend that investors look more at the micro and accept the weakened macro. Recent fiscal stimuli in China, such as the increase in the provincial bond issuance limit, demonstrate efforts to stabilize the economy, but have dashed expectations of a more accelerated recovery. In our view, the central problem lies in investors' excessive expectations of a structural recovery in the real estate sector and an increase in average Chinese incomes. **Such a recovery seems unlikely in the short term**, given the structural lack of interest among buyers of new homes in China, given birth rates well below the population replacement rate and the huge inventory of completed, unsold or unoccupied homes. We therefore warn investors against speculative expectations for iron ore companies and suggest a greater focus on internal actions to control costs. With price support at **US\$80-90/t in the short term**, forced by **marginal costs**, producers who reduce C1/t will be able to achieve better margins.

CMIN is doing its homework. For CMIN, the strategy of **strict cost control** is reflected in a C1/t reduction of -9.4% q/q and -10.0% y/y. The company also prioritized its own production over third-party purchases, optimizing its cost structure and strengthening its operational resilience. This combination of cost control and increased own production helps to sustain the margin and has less impact on the result in a scenario of iron ore price contraction. We maintain our conservative price curve of **US\$95/t for 4Q24E** and an **average of US\$99/t in 25E** for the 62% Fe benchmark, considering that the Chinese fiscal stimulus should not significantly alter the supply and demand balance.

CMIN trades at **5.1x EV/EBITDA 25E** (vs. historical of 5.5x), reflecting some level of discount, especially considering the **annual growth in production, increase in own production and significant reduction in C1/t**. Despite the good microeconomic performance, the market valuation showed a robust rise in the last 3M, driven by the share buyback program and low liquidity. As such, we don't feel that now is the time to make more aggressive price assumptions for iron ore. We reiterate our **NEUTRAL rating**, with a **12M Target Price of R\$6.00** and a marginal **upside of +8.11%**.

CSN Holding

FCFE burning still shows weaknesses. The company achieved a cash flow burn (FCFE) of **-R\$986mn** (12% more intense vs. Genial Est.), with only a slight softening q/q at the negative pace. The result was impacted by **(i)** EBITDA performance of R\$2.2bn (-6.8% vs. Genial Est.), which contracted -13.6% q/q and -18.9% y/y, as well as **(ii)** debt payment flow, which reached **-R\$1.1bn** (27% more intense vs. 2Q24). **CAPEX** closed at **R\$1.3bn** (-8% vs. Genial Est.), basically flat q/q. We believe this combination reflects the need for tighter control of financial leverage for the holding company, as well as a better performance for CMIN to add more to consolidated FCF and revive EBITDA levels.

Strategic sale of stake in CMIN and strong upward movement of shares in the last 3M. CSN sold a 10.74% stake in CMIN to Itochu Corp. for R\$4.5bn (+26% premium). In our view, this strengthens CSN's cash structure, which now holds 69% of CMIN's total capital and should reduce its leverage to **3x Net Debt/EBITDA 24E** (vs. 3.34x 3Q24). Although a reduction is imminent for the next quarter, we believe that the company will end the year far from its target of 2.5x. We also emphasize that CSN benefited from the appreciation of CMIN shares, which rose +30% between August and the announcement of the block trade in October.

We see this strong upward movement in the shares as a combination of factors, including the **(i)** accelerated share buyback program, **(ii)** high-yield dividend payments, as well as the **(iii)** mix between short positions and buyer flow in a stock with limited liquidity due to its low free float, causing a restriction on the supply of shares on the secondary market and the phenomenon known as the short squeeze. Be that as it may, this seems to have helped maximize the amount agreed between the parties and which will go into CSN's cash position in 4Q24.

Possible gain of R\$5bn in legal dispute with Ternium. The STF (Brazil Supreme Court) requested a statement from the CVM that could influence the outcome of the legal dispute between CSN and Ternium over control of Usiminas in 2011. If CSN emerges victorious, the ~R\$5bn could be used to reduce leverage, supporting the goal of achieving a Net Debt/EBITDA of 2.5x, possibly by 2025.

Mining weighed negatively, but other advances are taking place. Although the pressure on ore prices has impacted CSN's consolidated EBITDA, the expectation is for a gradual improvement in the domestic steel market, driven by anti-dumping measures and greater competitiveness. With CSN trading at **4x EV/EBITDA 25E**, we reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R\$12.75** (vs. R\$13.35 previously), indicating an **upside** of **+14.96%**.

Appendix: CMIN

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

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	15.088	15.022	16.009	21.694	23.006
(-) COGS	(8.307)	(8.321)	(8.623)	(11.531)	(13.118)
Gross Profit	6.781	6.702	7.386	10.164	9.888
(-) SG&A and others	(2.240)	(1.951)	(2.071)	(2.807)	(2.979)
EBITDA	4.977	6.099	7.068	9.499	9.436
(+/-) Financial Result	(648)	(124)	(275)	(394)	(548)
EBT	4.329	5.975	6.793	9.105	8.888
(-) Taxes	(974)	(1.326)	(1.474)	(2.105)	(1.907)
Net Income	2.257	3.299	3.563	4.856	4.451
Profitability					
Net Margin (%)	14,96%	21,96%	22,26%	22,38%	19,35%

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

Cash Flow	2024E	2025E	2026E	2027E	2028E
Net Revenue	15.088	15.022	16.009	21.694	23.006
(-) COGS	(8.307)	(8.321)	(8.623)	(11.531)	(13.118)
Adjusted EBITDA	4.977	6.099	7.068	9.499	9.436
EBIT	3.879	4.749	5.312	7.355	6.906
(-) Taxes	(974)	(1.326)	(1.474)	(2.105)	(1.907)
(+) D&A	1.098	1.350	1.756	2.144	2.530
(+/-) Δ WK	131	51	15	280	207
(-) Capex	(2.082)	(4.825)	(5.031)	(5.367)	(5.767)
FCFF	2.052	(1)	578	2.307	1.968

Appendix: CSN

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

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	42.907	47.035	51.041	58.920	63.289
(-) COGS	(27.633)	(28.885)	(29.402)	(33.161)	(35.222)
Gross Profit	15.274	18.150	21.639	25.759	28.067
(-) SG&A and others	(7.089)	(8.124)	(8.207)	(8.678)	(8.627)
EBITDA	8.184	10.026	13.432	17.081	19.440
(+/-) Financial Result	(4.400)	(3.873)	(4.362)	(4.874)	(5.230)
EBT	172	1.991	4.342	6.941	8.369
(-) Taxes	(469)	(681)	(1.389)	(2.221)	(2.678)
Net Income	(297)	1.310	2.952	4.720	5.691
Profitability					
Net Margin (%)	-0,69%	2,78%	5,78%	8,01%	8,99%

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

Cash Flow	2024E	2025E	2026E	2027E	2028E
Net Revenue	42.907	47.035	51.041	58.920	63.289
(-) COGS	(27.633)	(28.885)	(29.402)	(33.161)	(35.222)
Adjusted EBITDA	8.184	10.026	13.432	17.081	19.440
EBIT	4.590	5.864	8.703	11.814	13.599
(-) Taxes	(469)	(681)	(1.389)	(2.221)	(2.678)
(+) D&A	3.595	4.163	4.728	5.266	5.841
(+/-) Δ WK	(1.080)	(372)	(4)	(866)	(562)
(-) Capex	(4.485)	(6.142)	(6.113)	(5.586)	(5.629)
FCFF	2.151	2.831	5.926	8.408	10.571

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