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CSN & CMIN

1Q25 Review: Unexpected Relief

LatAm Metals & Mining

Main takeaways for CMIN:

(i) Shipments reached **9.6Mt** (+2.2% vs. Genial Est.; -10.2% q/q; +5.4% y/y), a record for a first quarter, even in the face of adverse seasonality and the maintenance shutdown at TECAR **(ii)** The realized price stood at **US$62.0/t** (+1.1% vs. Genial Est.; -0.2% q/q), practically stable; **(iii) COGS/t** was **R$200.4/t** (+7.0% vs. Genial Est.; +16.8% q/q; +13.9% y/y); **C1/t** reached **US$21.0/t** (-3.2% vs. Genial Est.; +2.9% q/q; -10.6% y/y), with a positive surprise due to lower logistics costs; **(iv) Adjusted EBITDA** was **R$1.4bn** (+4.6% vs. Genial Est.; -29.2% q/q; +27.0% y/y), exceeding expectations thanks to lower freight costs (US$8.9/t); **(v)** The **Loss** was **-R$357mn**, reversing the profit in 4Q24, impacted by FX rate variations on the company's cash held in USD; **(vi) FCF** was **+R$546mn** (-4.0% vs. Genial Est.), affected by higher net interest expense (-R$253mn) and tighter working capital (-R$126mn), despite the positive surprise in EBITDA and lower CAPEX expenditure (R$377mn); **(vii)** We reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$5.75**, reflecting a **downside of -6.4%**

Main takeaways for CSN:

(i) Steel **sales totaled 1,143 kt** (+3.5% vs. Genial Est.; -2.7% q/q; +5.2% y/y), with a positive surprise in volumes, driven by resilience in the domestic market and recovery in the external market; the consolidated **realized price was R$5,343/t** (-0.3% vs. Genial Est.; +1.9% q/q), with adjustments in the domestic market partially absorbed and FX rates favoring conversion abroad; **(ii) Cement sales totaled 3.2Mt** (+1.5% vs. Genial Est.; -1.4% q/q; +6.2% y/y), with resilient performance even in a rainy quarter; the **price realized was R$344/t** (+4.8% vs. Genial Est.; -5.0% q/q), reflecting fierce competition; **(iii) Net Revenue** reached **R$10.9bn** (-0.3% vs. Genial Est.; -9.3% q/q; +12.3% y/y); **(iv) COGS/t of steel was R$4,955/t** (+1.0% vs. Genial Est.; +4.6% q/q; +4.0% y/y), impacted by lower fixed cost dilution and the lagged effect of the FX rate on imported inputs; **(v) Adjusted EBITDA** was **R$2.5bn** (+9.2% vs. Genial Est.; -24.8% q/q; +27.6% y/y), with margins pressured by seasonality, but annual performance reinforced by the recovery in steel and mining; **(vi)** The company reported a **loss of -R$732mn**, reversing our positive estimate, pressured by **financial results** of **-R$1.9bn** (+84.6% vs. Genial Est.), due to foreign exchange losses on CMIN's cash retained in USD, in contrast to the gain in 4Q24; **(vii) FCF** showed a **burn** of **-R$173mn** (26.7% lower vs. Genial Est.); **(viii)** For the **rest of 2025**, we project a **challenging scenario** for steel, with demand contracting (-0.8% y/y) and imports rising (+36% y/y in Mar/25), while the cement division should benefit from resilient consumption and gains in scale, with the potential to **reach R$1.5bn in EBITDA 25E**; **(ix)** We reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$9.50**, implying a **downside of -1.4%**, but with **surprising operational advances** that brought unexpected relief to the case.

Analysts

Igor Guedes
+55 (11) 3206-8286
igor.guedes@genial.com.vc

Luca Vello
+55 (11) 3206-1457
luca.vello@genial.com.vc

Iago Souza
+55 (11) 3206-1457
iago.souza@genial.com.vc

Companies

CSNA3 BZ Equity
Neutral

Price: R$ 9.63 (08-May-2025)
Target Price 12M: R$ 9.50

CMIN3 BZ Equity
Neutral

Price: R$ 6.14 (08-May-2025)
Target Price 12M: R$ 5.75

Table 1. Shipments Summary (1Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Sales)	**1Q25**	**1Q25E**	**% Diff.**	**4Q24**	**% q/q**	**1Q24**	**% y/y**
Steel	1.143	1.104	**3,5%**	1.175	**-2,7%**	1.086	**5,2%**
Iron Ore	9.640	9.430	**2,2%**	10.731	**-10,2%**	9.145	**5,4%**
Cement	3.204	3.158	**1,5%**	3.249	**-1,4%**	3.017	**6,2%**

Source: CSN & CMIN, Genial Investimentos

Table 2. Income Statement Summary CMIN (1Q25 vs. Genial Est.)

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**1Q25**	**1Q25E**	**% Diff.**	**4Q24**	**% q/q**	**1Q24**	**% y/y**
Net Revenue	3.911	4.023	**-2,8%**	4.828	**-19,0%**	3.511	**11,4%**
Adjusted EBITDA	1.427	1.364	**4,6%**	2.015	**-29,2%**	1.123	**27,0%**
Net Income	(357)	156	**-**	2.016	**-117,7%**	558	**-**

Source: CMIN, Genial Investimentos

Table 3. Income Statement Summary CSN (1Q25 vs. Genial Est.)

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**1Q25**	**1Q25E**	**% Diff.**	**4Q24**	**% q/q**	**1Q24**	**% y/y**
Net Revenue	10.908	10.941	**-0,3%**	12.026	**-9,3%**	9.713	**12,3%**
Adjusted EBITDA	2.509	2.298	**9,2%**	3.335	**-24,8%**	1.966	**27,6%**
Net Income	(732)	182	**-**	(85)	**761,2%**	(480)	**52,6%**

Source: CSN, Genial Investimentos

CSN and **CMIN** released their **1Q25 results** yesterday, **May 8**, after the market closed. We believe that both **results** reported by CMIN and CSN Holding **were positive**, as they **exceeded previous EBITDA forecasts,** both ours (+4.6% and +9.2%, respectively) and the street (+5.4% and +3.5% BBG consensus, respectively). We believed that **1Q25** would be marked by a one-off increase in CSN Holding's leverage ratio, reflecting the seasonal dynamics characteristic of the period, with **cash burn exceeding incremental EBITDA generation y/y.** However, the company **reported a decline in the leverage ratio** to **3.3x net debt/EBITDA** (vs. 3.7x Genial Est.; -0.2x q/q) precisely because of the opposite, the **higher-than-expected EBITDA growth** (+9.2% vs. Genial Est.; +27.6% y/y), combined with the reversal of **R$1.8bn** in debt in **USD** due to **exchange rate effects**, more than offset the **FCF burn** of **-R$173mn**. We note that this trend ended up **contradicting the inherent seasonality** of the beginning of the year. As a result, the downward trend remained on track toward the **guidance** of **3.0x 25E.**

CMIN reported solid operating figures, with **shipments of 9.6Mt** (+2.2% vs. Genial Est.), growing **+5.4% y/y** and reflecting **good logistics execution via TECAR**, despite the negative seasonality in 1Q, given the intensity of rains, which caused volume to decline **-10.2% q/q**. The **realized price** stood at **US$62.0/t FOB** (+1.1% vs. Genial Est.), practically stable q/q, in line with the removal of the provisional mechanism effect. On the cost side, **COGS/t** was **R$200.4/t** (+7.0% vs. Genial Est.), pressured by lower dilution of fixed expenses and higher volume purchased from third parties, while **C1/t** came in at **US$21.0/t** (-3.2% vs. Genial Est.), up +2.9% q/q and down -10.6% y/y, reflecting lower logistics costs.

CMIN's EBITDA was **R$1.4bn** (+4.6% vs. Genial Est.), down **-29.2% q/q**, dragged down by seasonality, but up **+5.2% y/y**, resulting in a margin of **36.5%** (+2.6 p.p. vs. Genial Est.). The company reported a **Loss** of **-R$357mn,** because of foreign exchange losses on amounts retained in USD in cash and equivalents.

CSN Holding reported satisfactory results, with **steel and cement volumes above expectations**, sustained by resilient domestic demand, despite its seasonality. **Steel shipments totaled 1,143Kt** (+3.5% vs. Genial Est.), with prices at **R$5,343/t** (-0.3% vs. Genial Est.), in line with projections. In the cement division, the company delivered **3.2Mt** (+1.5% vs. Genial Est.), with a realized price of **R$344/t** (+4.8% vs. Genial Est.), reflecting a defensive commercial strategy to gain market share.

Also, at **CSN Holding**, consolidated **Net Revenue** stood at **R$10.9bn** (-9.3% q/q; +12.3% y/y), in line with our estimate. **COGS/t of steel reached R$4,955/t** (+1.0% vs. Genial Est.; +4.6% q/q; +4.0% y/y), reflecting lower dilution of fixed costs and the lagged effect of the exchange rate on imported raw materials. **Consolidated adjusted EBITDA** totaled **R$2.5bn** (+27.6% y/y; -24.8% q/q), exceeding our forecast (+9.2% vs. Genial Est.), due to the **better performance of mining** (+3.6% vs. Genial Est.), while the company reported a **loss of -R$732mn**, reversing our positive expectation, due to the strong foreign exchange loss on cash and cash equivalents held in USD by CMIN, which took effect from the **decompression of the USD/BRL FX rate EoP** (R$5.74 vs. 6.19 in 4Q24), which significantly pressured the financial result loss (+84.6% vs. Genial Est.).

1Q25 Review in detail!

CMIN: Record volumes for 1Q and stable prices q/q. Shipments totaled 9.6Mt (+2.2% vs. Genial Est.), down -10.2% q/q and up +5.4% y/y, reflecting the typical effects of seasonality, marked by higher rainfall and maintenance shutdowns at the port terminal, even though this was the company's record sales in the first quarter. Despite the lower volume in the quarterly comparison, the company maintained solid operational execution, with a record number of tons shipped via TECAR, reducing dependence on third-party ports and contributing to the logistical efficiency of the operation. The realized price stood at US$62.0/t FOB (+1.1% vs. Genial Est.), indicating a slight decline of -0.2% q/q (basically stable), in line with expectations, given the absence in this quarter of the provisional mechanism that added approximately +US$4/t in the previous quarter, in addition to the sharp drop in sea freight rates and the softening of the discount due to the product mix.

CSN Holding: Steel Division with positive surprise in volumes and prices in line. Consolidated shipments (DM +FM) totaled 1,143Kt (+3.5% vs. Genial Est.), with a slight decline of -2.7% q/q and growth of +5.2% y/y. Quarterly performance reflected typical seasonality at the beginning of the year, while year-on-year growth was driven by resilient domestic demand, especially in the automotive, white goods, and infrastructure segments. The foreign market (FM) totaled 354Kt (+3.3% vs. Genial Est.), representing an increase of +18.5% q/q and stability in the annual comparison, benefiting from a weak base in 4Q24. In the domestic market (DM), sales reached 789Kt (+3.6% vs. Genial Est.), with a -10.0% q/q decline and a +7.7% y/y increase, reflecting resilience in absorption even in the face of greater competition from imported steel, preserving relevant volumes for 1Q.

It is worth noting that sector indicators showed mixed signals this quarter. Vehicle production in the country totaled 583,000 units, according to ANFAVEA, representing an increase of +8.3% y/y, with the bus segment standing out, advancing +10.5% y/y. According to the Brazil Steel Institute (IABr), crude steel production totaled 8.5Mt (+2.8% y/y), while apparent consumption reached 6.8Mt (+13.3% y/y). On the other hand, the Steel Industry Confidence Index (ICIA) ended March at 32.3 points, well below the neutral line, amid worsening expectations for the sector, pressured by growing imports and additional tariffs on exports to the US.

The consolidated realized price (DM + FM) reached R$5,343/t (-0.3% vs. Genial Est.), in line with our estimate, up +1.9% q/q and +7.8% y/y. In the domestic market (DM), the average price was R$5,345/t (-0.7% vs. Genial Est.), up +2.3% q/q and +4.7% y/y, reflecting the adjustments applied at the beginning of the year, although partially absorbed by the customer base. In the foreign market, the price reached R$5,339/t (+0.6% vs. Genial Est.), with marginal growth of +0.6% q/q and significant growth of +15.0% y/y, driven by a more favorable geographic mix and the positive effect of the FX rate on revenue conversion, even in the face of a sluggish economy.

CSN Holding: Cement Division with a slower-than-expected decline q/q. The division reported shipments of 3.2Mt (+1.5% vs. Genial Est.), with a slight decline of -1.4% q/q and an increase of +6.2% y/y, reflecting a resilient performance in the face of typical seasonality for the period, marked by heavy rain and lower activity at construction sites. The positive annual performance was anchored by the maintenance of the pace of residential launches — especially in the low-income segment — and the continuity of infrastructure projects driven by federal programs such as Minha Casa, Minha Vida (MCMV).

The realized price stood at R$344/t (+4.8% vs. Genial Est.), exceeding our estimate and registering a decline of -5.0% q/q and -3.8% y/y. Although better than expected, the sequential decline in prices reflected the intense competitive environment, as we anticipated in our preliminary report, mainly in the Southeast region, where the company has been adopting a more aggressive commercial stance to sustain volumes and preserve asset utilization levels. We believe that the dispute with Votorantim has become intense in the fight for market share. Even so, the company's logistics capillarity and broad geographic coverage have mitigated some of the pressure on prices, ensuring gains in market share and defending operating margins as much as possible.

CSN Holding: Revenue in line with forecasts, with three divisions standing out. The company reported net revenue of R$10.9bn (-0.3% vs. Genial Est.), in line with our estimate, with a decline of -9.3% q/q and growth of +12.3% y/y. The sequential contraction reflected the typical seasonality at the beginning of the year, with lower commercial activity in the operating units, especially in mining and cement. On an annual basis, however, the expansion highlights the improved momentum of the company's main divisions, particularly the steel and iron ore segments. For the steel division, revenue totaled R$6.1bn (+3.2% vs. Genial Est.), practically stable sequentially at -0.9% q/q and up +13.4% y/y. In mining, revenue reached R$3.4bn (+6.1% vs. Genial Est.), down -12.7% q/q, but up +21.6% y/y. The cement division recorded revenue of R$1.1bn (+6.3% vs. Genial Est.), with a slight decline of -6.4% q/q and growth of +2.1% y/y.

Table 4. Net Revenue CSN (1Q25 vs. Genial Est.)

CSN	1Q25	1Q25E		4Q24		1Q24	
(R$ Millions)	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	**10.908**	**10.941**	**-0,3%**	**12.026**	**-9,3%**	**9.713**	**12,3%**
Steel	6.107	5.916	3,2%	6.163	-0,9%	5.384	13,4%
Mining	3.432	3.235	6,1%	3.933	-12,7%	2.823	21,6%
Porto	86	90	-4,8%	90	-4,7%	84	2,2%
Railway	685	756	-9,4%	668	2,6%	672	2,0%
Energy	178	163	9,0%	163	9,0%	104	71,2%
Cement	1.102	1.037	6,3%	1.177	-6,4%	1.079	2,1%
Eliminations	(682)	(256)	166,7%	(167)	307,6%	(434)	57,2%

Source: CSN, Genial Investimentos

CMIN: COGS/t higher than expected and C1/t with a positive surprise due to lower logistics costs. Cash COGS/t reached R$200.4/t (+7.0% vs. Genial Est.), with an increase of +16.8% q/q and +13.9% y/y. The acceleration in costs reflects lower dilution of fixed expenses due to lower volumes shipped in the quarter, in addition to higher purchases from third parties for the domestic market, which carry higher logistics costs, especially road transport. In the year-on-year comparison, the increase also incorporates the effect of currency appreciation, since a large part of the inputs indexed to the USD was converted at a higher average FX rate in 1Q25 vs. 1Q24.

C1/t, in turn, reached US$21.0/t (-3.2% vs. Genial Est.), slightly below our estimates, but still representing an increase of +2.9% q/q and a decrease of -10.6% y/y. The sequential increase reflects, once again, the impact of lower fixed cost dilution, given the lower volume produced, in addition to a possible one-off increase in the purchase of third-party ore. The significant year-on-year decline highlights the productivity gains accumulated throughout 2024, with emphasis on the higher penetration of own production in the mix, which contributed to reducing the company's average logistics cost.

CSN Holding: COGS/t of the steel division accelerates. COGS/t for the steel division stood at R$4,955/t (+1.0% vs. Genial Est.), slightly above our estimate, with an increase of +4.6% q/q and +4.0% y/y. The sequential increase reflected lower fixed cost dilution, due to the drop in sales volume in the period in line with typical seasonal patterns in the first half, partially offset by lower prices for imported raw materials, even though the incorporation of the lagged effect of the FX rate– whose contracts remain referenced to a stronger USD/BRL at the end of 2024 – cooled this disinflation. In the year-on-year comparison, the +4.0% y/y increase should also be explained by the +3.0% y/y increase in the cost of slabs, which more than offset the dilution effect from higher sales (+5.2% y/y).

CMIN: EBITDA above expectations due to lower freight costs, but with losses from FX rate. CMIN's adjusted EBITDA totaled R$1.4bn (+4.6% vs. Genial Est.), with a -29.2% q/q decline and +27.0% y/y growth, exceeding our estimate due to the relative decline in freight vs. our expectations, reaching US$8.9/t (-23.9% vs. Genial Est.), resulting in a sharp contraction of -39.8% q/q.

This ultimately led to SG&A expenses being at lower levels than we had expected. The sequential slowdown in EBITDA reflected an inflated comparative base from last quarter, when the combination of high seasonal volumes, better price realization, and greater dilution of fixed costs led to more robust margins. The year-on-year increase is explained by higher shipments (+5.4% y/y), a significant reduction in C1/t (-10.6% y/y), and a higher price base (+2.4% y/y). The margin stood at 36.5%, exceeding our expectations (+2.6 p.p. vs. Genial Est.) and demonstrating greater capacity to transform operating gains, even in a quarter typically pressured by seasonal factors.

The bottom line recorded a net loss of R$357mn, reversing the profit of R$2.0bn recorded in 4Q24 and R$558mn in 1Q24. The result was negatively impacted by the financial line, which totaled -R$1.3bn (+57.3% vs. Genial Est.), mainly reflecting the effect of FX rate variations on cash and cash equivalents held in USD. While in 4Q24 the appreciation of the USD/BRL FX rate favored the financial result, at 1Q25 the opposite occurred, given the slowdown in the EoP FX rate, with a loss of -R$571mn vs. +R$1.1bn in 4Q24 in FX rate variation alone.

Table 5. Income Statement CMIN (1Q25 vs. Genial Est.)

CMIN (R$ millions)	1Q25 **Reported**	1Q25E **Genial Est.**	**% R/E**	4Q24 **Reported**	**% q/q**	1Q24 **Reported**	**% y/y**
Net Revenue	**3.911**	**4.023**	**-2,8%**	**4.828**	**-19,0%**	**3.511**	**11,4%**
COGS	(2.238)	(2.071)	8,0%	(2.123)	5,4%	(1.890)	18,4%
Adjusted EBITDA	**1.427**	**1.364**	**4,6%**	**2.015**	**-29,2%**	**1.123**	**27,0%**
EBITDA Margin (%)	36,5%	33,9%	2,6p.p	41,7%	-5,3p.p	32,0%	4,5p.p
EBIT	**1.123**	**1.057**	**6,2%**	**1.571**	**-28,5%**	**835**	**34,5%**
EBIT Margin (%)	28,7%	26,3%	2,4p.p	32,5%	-3,8p.p	23,8%	4,9p.p
D&A	(312)	(306)	2,1%	(283)	10,1%	(282)	10,8%
Financial Result	(1.315)	(836)	57,3%	815	-	(44)	2882,5%
Net Income	**(357)**	**156**	**-**	**2.016**	**-**	**558**	**-**
Net Margin (%)	-9,1%	3,9%	-	41,8%	-	15,9%	-

Source: CMIN, Genial Investimentos

CSN Holding: EBITDA declines sequentially but grows double digits y/y. Consolidated adjusted EBITDA totaled R$2.5bn (+9.2% vs. Genial Est.), down -24.8% q/q and up +27.6% y/y. The sequential decline reflected the expected slowdown between Q4 and Q1, after a seasonally stronger quarter marked by high volumes and positive one-off effects in pricing and operating leverage, a scenario that was dominant in Q4 2024. On the other hand, annual growth was driven by consistent operational improvements in the company's main divisions, particularly the steel and mining divisions. The mining division reported EBITDA of R$1.4bn (+3.6% vs. Genial Est.), down -29.0% q/q and up +25.8% y/y. In steel, EBITDA reached R$485mn (-13.8% vs. Genial Est.), below our estimate, with a decline of -26.1% q/q, but a strong increase of +107.4% y/y. The cement division reported EBITDA of R$241mn (-2.4% vs. Genial Est.), down -37.6% q/q and -13.4% y/y.

Table 6. EBITDA CSN (1Q25 vs. Genial Est.)

CSN	1Q25	1Q25E		4Q24		1Q24	
(R$ Millions)	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Adjusted EBITDA	**2.509**	**2.298**	**9,2%**	**3.335**	**-24,8%**	**1.966**	**27,6%**
Steel	485	563	-13,8%	656	-26,1%	234	107,4%
Mining	1.401	1.353	3,6%	1.972	-29,0%	1.114	25,8%
Porto	34	32	6,5%	32	6,6%	27	25,9%
Railway	321	309	3,8%	273	17,5%	352	-8,7%
Energy	79	41	94,4%	39	101,0%	29	172,4%
Cement	241	247	-2,4%	386	-37,6%	278	-13,4%
Eliminations	(52)	(247)	-78,9%	(23)	121,6%	(68)	-23,0%

Source: CSN, Genial Investimentos

CSN Holding: Loss explained by the FX effect on CMIN's cash. The company reported a loss of -R$732mn, reversing our estimate of a profit of +R$182mn Genial Est., and amplifying the decline by 7.6x q/q and +52.6% y/y. The deterioration in results can be explained, in large part, by the negative impact of net financial income, which totaled -R$1.9bn (84.6% worse vs. Genial Est.; +46.6% q/q and +64.5% y/y) pressured by higher interest expenses (-R$1.7bn) and the effect of exchange and monetary variation on CMIN's cash and cash equivalents within the holding company's results (-R$705mn). Contrary to what was observed in 4Q24 — when the financial result was positively influenced by the appreciation of the USD and CMIN's investments in USD —, 1Q25 recorded a decline in the EoP FX rate (5.74 vs. 6.19 in 4Q24), which reduced the positive effect of natural hedging via financial investments of cash retained in USD.

Table 7. Income Statement CSN (1Q25 vs. Genial Est.)

CSN	1Q25	1Q25E		4Q24		1Q24	
(R$ Millions)	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	**10.908**	**10.941**	**-9,3%**	**12.026**	**-9,3%**	**9.713**	**12,3%**
COGS	(8.375)	(7.973)	1,6%	(8.243)	1,6%	(7.522)	11,3%
Adjusted EBITDA	**2.509**	**2.298**	**-24,8%**	**3.335**	**-24,8%**	**1.966**	**27,6%**
EBITDA Margin (%)	23,0%	21,0%	-4,7p.p	27,7%	-4,7p.p	20,2%	2,8p.p
EBIT	**888**	**1.279**	**-31,3%**	**1.292**	**-31,3%**	**583**	**52,3%**
EBIT Margin (%)	8,1%	11,7%	-2,6p.p	10,7%	-2,6p.p	6,0%	2,1p.p
D&A	(999)	(1.019)	0,6%	(993)	0,6%	(896)	11,5%
Financial Result	(1.850)	(1.002)	46,6%	(1.262)	46,6%	(1.125)	64,5%
Net Income	**(732)**	**182**	**761,2%**	**(85)**	**761,2%**	**-480**	**52,6%**
Net Margin (%)	-6,7%	1,7%	-6p.p	-0,7%	-6p.p	-4,9%	-1,8p.p

Source: CSN, Genial Investimentos

Our take on CSN and CMIN

CMIN

CMIN: FCF is slightly below expectations, justified by high net interest expenses. CMIN's **FCF** reached **+R$546mn** (-4.0% vs. Genial Est.), slightly below our estimate, mainly reflecting **(i)** higher net interest expenses, which reached **-R$253mn** (+50.2% vs. Genial Est.; +34.6% q/q); and **(ii)** an increase in working capital requirements of **-R$126mn**, with a tighter squeeze than our forecasts (+7.4% worse vs. Genial Est.), which contrasts with the release of +R$1bn in 1Q24. These factors ended up more than offsetting the positive cash flow gain related to **(iii)** lower **CAPEX,** which totaled **R$377mn** (-16.2% vs. Genial Est.; -42.8% q/q) and **(iv)** higher EBITDA, which reached +R$1.4bn (+4.7% vs. Genial Est.; +27.1% y/y).

CMIN: Annualized dividend yield ~12%. CMIN's Board of Directors approved the **distribution of R$1.3bn** to shareholders as an advance on the minimum mandatory dividend, based on retained earnings. Of this amount, **R$1.1bn** will be paid in the form of **interim dividends** (R$0.2/share) and **R$210mn as JCP** (R$0.04/share gross), with an **ex-date of May 13**. Payment will be made **by December 31, 2025**, on a date to be announced in due course. Assuming annualization based on the amount disclosed by the company, we find a **dividend yield 25E** of **~12%,** in line with our expectations for 2025.

CMIN: Uncertain macro scenario, with no cost reduction at the micro level. The environment for mining is likely to be characterized by **high price volatility** and **uncertainty regarding Chinese demand**, in a context of **moderate global growth** (+2.8%) and **reinforced trade barriers**. To date, the US has imposed tariffs of **145%** on Chinese products, while China has retaliated with a **125%** surcharge on US goods. Until they converge on a mutually attractive dynamic for both, considering the current scenario – which does not seem to be materially effective as the Trump administration is reluctant to lower tariffs on China – our **projection curve for 62% Fe iron ore** continues to reflect this retaliatory approach, with an average of **US$94/t in 2025**, with levels of **US$90/t in 2Q25E**, US$94/t in 3Q25E and US$89/t in 4Q25E, reflecting both **(i)** the favorable seasonality of shipments in the second half and **(ii)** the expected cooling of seaborne demand due to capacity cuts at Chinese mills.

Despite expectations of mutual tariff cuts between the US and China, until a concrete solution to the tariff war is confirmed, we maintain our assumption of a deflationary environment for iron ore in 2025 — with an **average 62% Fe curve** of **US$94/t** — as well as a **C1/t without reduction in the annual view**, remaining stable at US$21.5/t **25E** – despite the reduction already in effect in 1Q25 with C1/t reported at R$21.0/t (-3.7% vs. Genial Est.). Given this, in the **absence of triggers that are still material**, we continue to see no grounds for a rerating of the company at this time. We therefore reiterate our **NEUTRAL** rating, with a **12M Target Price** of **R$5.75**, implying a **downside** of **-6.4%.**

CSN Holding

CSN Holding: FCF with lower burn than projected. CSN Holding achieved an **FCF** with a **burn rate** of **-R$173mn** (26.7% lower than Genial Est.), consolidating a better-than-expected performance, mainly reflecting **(i)** the company's high consolidated **EBITDA** result, totaling **R$2.5bn** (+9.2% vs. Genial Est.; +27.6% y/y) and **(ii) net financial expenses** of **-R$1.2bn** (-4.1% vs. Genial Est.), which more than offset **(iii)** the **low working capital** (WC) release, which reached only **+R$59mn** (-46.4% vs. Genial Est.; -74.8% y/y) and **(iv)** the still **high CAPEX** expenditure, which reached **R$1.1bn** (+11.7% vs. Genial Est.; +43.8% y/y).

Steel market remains very tight. We project a challenging scenario for the steel sector in Brazil in 2025, with **crude steel production falling by -0.6% y/y** to **33.6Mt Genial Est.**, and **domestic sales declining by -0.8% y/y** to **21Mt Genial Est.**, reflecting a **moderate GDP** (+2% y/y) and **high SELIC** (15% at the end of the 25E cycle), which should **slow down credit granting** and lower demand in segments such as civil construction and white goods. In addition to the fact that **imports continue to break records,** reaching 663Kt in Mar/25 (+36% y/y), according to the Brazil Steel Institute (IABr) — representing **26% of apparent consumption**. Another factor that corroborates a tighter domestic market for mills is that imports of flat steel specifically in April totaled **344Kt**, representing an increase of +38% y/y – with China accounting for 79% of total imports, as reported by the National Institute of Steel Distributors (Inda). In addition, we found that there was **+440Kt of flat steel** awaiting **release in Brazilian ports**, suggesting that the volume of imports in April could have been even higher, and that this volume will clear customs and enter apparent consumption in the coming months.

Given this, sentiment has been putting pressure on the **bearish** trend in the **domestic price curve,** both for **flat and long steel**, reflecting a slowdown in the market and little room for price adjustments at the end of the chain. Even so, we project a **25E EBITDA for CSN's steel division 2x higher vs. 2024**, supported by **weak base effects**, with this trend already noticeable in **1Q25 (y/y)**.

We maintain a cautiously optimistic outlook for cement. We forecast production of ~65.5Mt of cement in 2025 (+3.5% y/y), with most cement plants still operating below 90% of capacity. **Domestic consumption**, which stood at **73Mt in 2024** (+3.9% y/y), should grow between **+1–3%** in 2025, supported by **low-income housing projects (MCMV)** and **the resumption of public works**. Domestic sales in January and February 2025 grew by +5.3% and +7.5% y/y, respectively, indicating a stronger-than-expected start to the year, reflecting increased activity in the civil construction sector, stimulated by regional investments and the preparation of construction sites for medium- and long-term projects.

For CSN, we estimate EBITDA margin above 20% starting in 2Q25, after slight compression in 1Q25E. However, the impact of high interest rates and high levels of Brazilian household debt may limit volume expansion, requiring a reduction in discount policies to sustain profitability, especially in a market where the trend is toward market share gains. In terms of prices, **bagged cement rose +3% in 2024**, and we project a **marginal increase of +1–2% in 2025**, reflecting the balance between **contained supply** and **resilient demand**.

For 2025, the company aims to achieve **R$1.5bn in EBITDA**, supported by a **historic margin of 32.8% in 4Q24** and a “**competitive cushion**” that can preserve profitability in the face of **aggressive competition** from players such as Votorantim.

CSN Holding: Unexpected relief. Contrary to our projection of a one-off increase in leverage, CSN surprised us positively by ending 1Q25 with a decline in the Net Debt/EBITDA ratio to 3.3x vs. 3.5x in 4Q24, anticipating the deleveraging trajectory expected for the year, already in a seasonal period. Also, amid the fact that the company reported **EBITDA growth above our projections** (+9.2% vs. Genial Est.), even under a 1Q dynamic composed of seasonality for the company's main businesses (mining, steel, and cement). This situation gives us a **perception of unexpected relief**.

On the other hand, the **environment remains hostile for 2025**. In our consolidated view, we continue to project **(i)** downward pressure on **iron ore** until there is a concrete solution to the trade war between the US and China, with an average curve of 62% Fe at **US$ 94/t 25E** and **C1/t stable** at **US$ 21.5/t 25E**; **(ii)** a tight market for domestic steel — production down 0.6% y/y, with sales down 0.8% y/y — pressured by record imports (+36% y/y); and **(iii)** potential to reach **R$1.5bn in EBITDA 25E in cement** (+7% y/y), even with implicit risks that hinder the expansion structure, considering, for example, high interest rates (SELIC reaching 15% by the end of 25E) and intense competition for market share. Therefore, although the result was positive and **we see the company on the right track**, we still **need to see more results showing recovery** for a possible upgrade of assumptions in our model. Thus, we reiterate our **NEUTRAL** rating, with a **12M Target Price of R$9.50**, reflecting a **downside of -1.4%.**

Appendix: CMIN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**15.275**	**15.345**	**16.464**	**18.209**
(-) COGS	(8.243)	(8.441)	(8.746)	(10.221)
Gross Profit	**7.032**	**6.905**	**7.718**	**7.988**
(-) Expenses	(1.801)	(2.311)	(2.310)	(2.337)
Adjusted EBITDA	**5.230**	**5.442**	**6.382**	**6.684**
(-) D&A	(1.293)	(1.631)	(1.982)	(2.355)
Adjusted EBIT	**3.938**	**3.810**	**4.400**	**4.329**
(+/-) Financial Result	(425)	(720)	(1.105)	(1.307)
(-) Taxes	(1.261)	(1.036)	(1.118)	(801)
Net income	**2.251**	**2.055**	**2.177**	**2.221**
Profitability				
Net margin (%)	14,7%	13,4%	13,2%	12,2%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**15.275**	**15.345**	**16.464**	**18.209**
(-) COGS	(8.243)	(8.441)	(8.746)	(10.221)
Adjusted EBITDA	**5.230**	**5.442**	**6.382**	**6.684**
EBIT	**3.938**	**3.810**	**4.400**	**4.329**
(-) Taxes	(1.261)	(1.036)	(1.118)	(801)
(+) D&A	1.293	1.631	1.982	2.355
(+/-) Δ WK	(136)	134	177	588
(-) Capex	(4.087)	(4.499)	(5.001)	(5.613)
FCFF	**(254)**	**41**	**440**	**859**

Appendix: CSN

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**46.277**	**46.932**	**50.995**	**55.773**
(-) COGS	(32.882)	(33.046)	(36.652)	(40.128)
Gross Profit	**13.394**	**13.886**	**14.343**	**15.645**
(-) SG&A and others	(2.664)	(2.205)	(1.416)	(720)
Adjusted EBITDA	**10.730**	**11.681**	**12.927**	**14.925**
(+/-) Financial Result	(4.799)	(5.590)	(4.912)	(5.655)
EBT	**1.608**	**1.440**	**2.759**	**3.402**
(-) Taxes	(547)	(493)	(938)	(1.157)
Net Income	**1.061**	**947**	**1.821**	**2.246**
Profitability				
Net Margin (%)	2,29%	2,02%	3,57%	4,03%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**46.277**	**46.932**	**50.995**	**55.773**
(-) COGS	(32.882)	(33.046)	(36.652)	(40.128)
Adjusted EBITDA	**10.730**	**11.681**	**12.927**	**14.925**
Adjusted EBIT	**6.407**	**7.030**	**7.671**	**9.058**
(-) Taxes	(547)	(493)	(938)	(1.157)
(+) D&A	4.324	4.651	5.256	5.867
(+/-) Δ WK	(161)	(4)	(1.094)	(467)
(-) Capex	(4.341)	(5.041)	(5.041)	(5.041)
FCFF	**5.681**	**6.142**	**5.853**	**8.259**

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