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# CSN & CMIN

## 2Q25 Preview: Trying a different strategy

LatAm Metals & Mining

**Main takeaways for CMIN:**

**(i) Production** of **11Mt Genial Est.** (+7.6% q/q; +5.5% y/y), with **shipments** totaling **11.1Mt Genial Est.** (+14.8% q/q; +2.5% y/y), reflecting more favorable seasonality in 2Q25 and the combination of increased logistics activity in the Southeast with additional iron ore purchases from third parties; **(ii) Realized price** of **US$49.5/t Genial Est.** (-20.1% q/q), negatively influenced by the weakening of the 62% Fe curve (-US$6/t q/q); **(iii) C1/t** of **US$21/t Genial Est.** (stable q/q; -1.2% y/y), with fixed cost dilution limited by the softening of the USD/BRL FX rate (-3% q/q); **(iv) EBITDA** of **R$1.3bn Genial Est.** (-9.2% q/q; -35.8% y/y); **(v)** Even with **production capacity cuts** and stimulus measures in China, **we maintained** our **iron ore curve** forecast for **3Q25E** at **US$94/t** and **4Q25E** at **US$89/t**, with **C1/t** stable at **US$21.5/t 25E;** Market sentiment improved temporarily, but fundamentals remain under pressure from oversupply and falling Chinese demand (-45Mt Genial Est. in 12M), in addition to new projects coming online. We therefore reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$5.75**, implying **upside** of **+8.4%**.

**Main takeaways for CSN:**

**(i) Steel division**: **Shipments** (FM+DM) of **1.1Mt Genial Est.** (-5.2% q/q; -3.4% y/y), with the decline justified by the company's strategic decision to preserve margins, even in the face of a one-off loss of market share. **Price** (FM+DM) should remain flat at **R$5,336/t Genial Est.** (flat q/q), supported by commercial discipline vs. deterioration in the competitive environment; **(ii) Cement Division**: **Shipments** of **3.6Mt Genial Est.** (+12% q/q; -0.5% y/y), favored by a higher number of working days, dry weather and the continuation of the MCMV program; **prices** should reach **R$347/t Genial Est.** (+0.9% q/q), reflecting partial pass-through; **cost pressure** should cool operating results; **(iii) Net Revenue** of **R$10.4bn Genial Est.** (-4.5% q/q; -4.3% y/y), impacted by the **steel and mining** divisions, which together account for **~85% of revenue; (iv) COGS/t of steel** at **R$4,848/t Genial Est.** (-2.1% q/q), reflecting gains via production concentration in a single blast furnace and lower raw material costs; **(v) EBITDA** at **R$2.5bn Genial Est.** (-1.9% q/q; -6.9% y/y), pressured by the expected **contraction in the mining division** (-27.1% q/q), which should offset gains in the steel (+18% q/q) and cement (+30% q/q) divisions; **(vi) Loss** of **-R$270mn Genial Est.** (-63% q/q; -0.5% y/y); **(vii) Leverage** should reach **3.3x Net Debt/EBITDA** (+0.1x q/q Est.); **(viii)** We maintain a **cautious outlook**, given the **lack of clear short-term** catalysts. We reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$9.50**, implying **upside** of **+11.1%**.

**CSN** and **CMIN** will release their results on **July 31**, after the market closes. Despite a quite less favorable scenario for prices, we expect the company to register just a marginal operating slowdown, with an increase in the Steel, Cement and Logistics being offset by the worsening in the mining division. We project a **slight decline** in consolidated **EBITDA**, estimated at **R$2.5bn Genial Est.** (-1.9% q/q; -6.9% y/y).

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### Companies

**CSNA3 BZ Equity**
**Neutral**

**Price:** R$ 8.55 (24-Jul-2025)
**Target Price 12M:** R$ 9.50

**CMIN3 BZ Equity**
**Neutral**

**Price:** R$ 5.29 (24-Jul-2025)
**Target Price 12M:** R$ 5.75

**Table 1. Shipments Summary (2Q25 Genial Est.)**

| (Thousand Tonnes - kt) | Genial Est. | Reported | | Reported | |
|---|---|---|---|---|---|
| **Summary (Sales)** | **2Q25E** | **1Q25** | **% q/q** | **2Q24** | **% y/y** |
| **Steel** | 1.084 | 1.144 | **-5,2%** | 1.123 | **-3,4%** |
| **Iron Ore** | 11.062 | 9.640 | **14,8%** | 10.792 | **2,5%** |
| **Cement** | 3.590 | 3.204 | **12,0%** | 3.608 | **-0,5%** |

*Source: CSN & CMIN, Genial Investimentos*

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

| (R$ millions) | Genial Est. | Reported | | Reported | |
|---|---|---|---|---|---|
| **Income Statement** | **2Q25E** | **1Q25** | **% q/q** | **2Q24** | **% y/y** |
| **Net Revenue** | 3.557 | 3.911 | **-9,1%** | 4.514 | **-21,2%** |
| **Adjusted EBITDA** | 1.297 | 1.427 | **-9,2%** | 2.018 | **-35,8%** |
| **Net Income** | 414 | (357) | **-** | 516 | **-19,8%** |

*Source: CMIN, Genial Investimentos*

**Table 3. Income Statement Summary CSN (2Q25 Genial Est.)**

| (R$ millions) | Genial Est. | Reported | | Reported | |
|---|---|---|---|---|---|
| **Income Statement** | **2Q25E** | **1Q25** | **% q/q** | **2Q24** | **% y/y** |
| **Net Revenue** | 10.418 | 10.908 | **-4,5%** | 10.882 | **-4,3%** |
| **Adjusted EBITDA** | 2.461 | 2.509 | **-1,9%** | 2.645 | **-6,9%** |
| **Net Income** | (270) | (732) | **-63,1%** | (223) | **21,3%** |

*Source: CSN, Genial Investimentos*

For **CMIN**, we project shipments of **11.1Mt Genial Est.** (+14.8% q/q; +2.5% y/y), driven by increased logistics activity in a seasonally drier quarter. Despite robust volume performance, we estimate a significant decline in the **realized price** to **US$49.5/t Genial Est.** (-20.1% q/q; -15.6% y/y), pressured **(i)** by the ~US$6/t decline in the 62% Fe reference curve; and **(ii)** the depreciation of the USD/BRL FX rate. On the cost side, we project **C1/t** to remain flat at **US$21/t Genial Est.** (stable q/q; -1.2% y/y), with the downtrend in the FX rate offsetting part of the efficiency gains from the cost mix. In this scenario, we estimate **EBITDA** of **R$1.3bn Genial Est.** (-9.2% q/q; -35.8% y/y), with a margin of **36.5%** (flat q/q; -8.3 p.p. y/y).

For **CSN Holding**, we project **Steel** shipments of **1.1Mt Genial Est.** (-5.2% q/q; -3.4% y/y), in line with the company's strategy of prioritizing margins over market share gains. In terms of **realized prices,** we are projecting **R$5,336/t Genial Est.** (stable q/q; +7.2% y/y), even in the face of competitive pressure from imports. In the **Cement** division, we estimate shipments of **3.6Mt Genial Est.** (+12% q/q; -0.5% y/y), benefiting from the higher number of working days vs. last quarter and the amplification of the Minha Casa, Minha Vida (MCMV) projects. The **realized price** is projected at **R$347/t Genial Est.** (+0.9% q/q; +1.1% y/y), reflecting the partial pass-through and sustained demand in low-end segments.

Still at **CSN Holding**, we project **Net Revenue** of **R$10.4bn Genial Est.** (-4.5% q/q; -4.3% y/y), and **COGS/t of steel** of **R$4,848/t Genial Est.** (-2.1% q/q; +2.5% y/y), reflecting significant operating gains from higher production efficiency and lower input prices, such as metallurgical coal (-6% q/q) and 62% Fe iron ore (-5% q/q). We project **consolidated EBITDA** of **R$2.5bn Genial Est.** (-1.9% q/q; -6.9% y/y), and **net income** should be **negative** at **-R$270mn Genial Est.**, also penalized by the reversal of the positive exchange rate effect that had favored CMIN's financial investments in 4Q24.

## 2Q25 Preview in detail!

**CMIN: Operationally strong, but market conditions should dampen results.** We expect iron ore production to reach 11Mt Genial Est. (+7.6% q/q; +5.5% y/y), reflecting increased logistics and less rainfall vs. 1Q. We expect shipments to slightly exceed production, totaling 11.1Mt Genial Est. (+14.8% q/q; +2.5% y/y), supported by **(i)** high productivity and favorable weather conditions in the Southeast; and **(ii)** increased purchases of iron ore from third parties, made possible by additional at port space, allowing the company to ship extra cargo.

Despite operational progress, we project a significant drop in the company's realized price, estimated at US$49.5/t FOB Genial Est. (-20.1% q/q; -15.6% y/y), strongly influenced by market conditions surrounding 2Q25 due to uncertainties arising from the possible absence of stimulus measures by the Chinese Central Government and US trade barriers, which pushed the reference curve for 62% Fe iron ore down by US$6/t (-6% q/q).

**Table 4. Production and Shipments CMIN (2Q25 Genial Est.)**

| **CMIN** (Million tonnes) | 2Q25E **Genial Est.** | 1Q25 **Reported** | **% q/q** | 2Q24 **Reported** | **% y/y** |
|---|---|---|---|---|---|
| **Production + Purchases** | **11,0** | **10,2** | **7,6%** | **10,4** | **5,5%** |
| **Total Shipments** | **11,1** | **9,6** | **14,8%** | **10,8** | **2,5%** |
| Internal Market | 0,9 | 1,0 | -15,3% | 0,9 | 2,5% |
| External Market | 10,2 | 8,6 | 18,4% | 9,9 | 2,5% |

*Source: CMIN, Genial Investimentos*

**CSN Holding: Steel division with downgraded volumes but flat prices.** We project consolidated shipments (DM+ FM) of 1.1Mt Genial Est. (-5.2% q/q; -3.4% y/y), reflecting the company's deliberate strategy of prioritizing margins over volumes amid an increasingly hostile environment with record import penetration. In the domestic market (DM), we estimate sales of 756kt Genial Est. (-4.2% q/q; -5.2% y/y), impacted by a one-off loss of market share due to price maintenance — which, on the other hand, reveals the company's commercial discipline in a context in which few players managed to maintain price levels. In the foreign market (FM), shipments should total 328kt Genial Est. (-7.5% q/q; +0.9% y/y), with a sequential decline due to seasonal effects in Europe.

As for prices, we project consolidated levels (DM+FM) at R$5,336/t Genial Est. (stable q/q; +7.2% y/y), which is noteworthy, especially given the sector's deteriorating competitiveness. In the domestic market (DM), we expect R$5,340/t Genial Est. (-0.1% q/q; +3.6% y/y), while the foreign market (FM) should register R$5,327/t Genial Est. (flat q/q; +17% y/y), sustained by a weak base in 2Q24 and an improvement in the mix. We believe that the company's strategy remains anchored in defending margins, even at the expense of volume — an approach that differs from the strategy adopted by its peers (who are focusing more on defending market share, foregoing price).

**CSN Holding: Revenue impacted by mining and steel performance.** The company should report a Net revenue of R$10.4bn Genial Est. (-4.5% q/q; -4.3% y/y), indicating a decline mainly influenced by the mining and steel divisions, which together accounted for ~85% of the company's revenue. In mining, we estimate revenue of R$3.1bn Genial Est. (-9.1% q/q; -6.8% y/y), impacted by a significant deterioration in realized prices — down -US$12/t q/q (-20% q/q) — due to the contraction in the 62% Fe reference curve (-5% q/q) and the negative rollover of the provisional price, given the greater weight of indexed contracts.

For the steel division, revenue is expected to be R$5.8bn Genial Est. (-5.3% q/q; +3.5% y/y), with a slight decline vs. 1Q25, driven by lower demand in the external market and the maintenance of the strategy to preserve margins in the domestic market, which together should contribute to a -5% q/q decline in consolidated sales volume (DM+FM). In the cement unit, we project revenue of R$1.2bn Genial Est. (+13.0% q/q; +0.6% y/y), sustained by the volume's recovery (+12% q/q) in a seasonally more favorable quarter — with less rainfall and a higher number of working days —, in addition to construction projects linked to the Minha Casa, Minha Vida (MCMV) program.

**Table 5. Net Revenue CSN (2Q25 Genial Est.)**

| **CSN** | 2Q25E | 1Q25 | | 2Q24 | |
|---|---|---|---|---|---|
| (R$ Millions) | **Genial Est.** | **Reported** | **% q/q** | **Reported** | **% y/y** |
| **Net Revenue** | **10.418** | **10.908** | **-4,5%** | **10.882** | **-4,3%** |
| Steel | 5.785 | 6.107 | -5,3% | 5.591 | 3,5% |
| Mining | 3.120 | 3.432 | -9,1% | 3.347 | -6,8% |
| Porto | 86 | 86 | 0,1% | 79 | 8,2% |
| Railway + Tora Group | 794 | 685 | 15,8% | 839 | -5,4% |
| Energy | 178 | 178 | 0,0% | 103 | 73,6% |
| Cement | 1.245 | 1.102 | 13,0% | 1.238 | 0,6% |
| Eliminations | (791) | (682) | 15,9% | (315) | 151,2% |

*Source: CSN, Genial Investimentos*

**CSN Holding: Steel COGS/t should come with efficiency gains.** We project Steel COGS/t at R$4,848/t Genial Est. (-2.1% q/q; +2.5% y/y), reflecting the capture of significant operating gains. The sequential decline should result from **(i)** higher production efficiency at the Presidente Vargas plant (RJ), which operated with only one blast furnace — a strategy that allowed for better input allocation, with more rational use of metallurgical coal, in addition to greater dilution of fixed costs. We highlight that in the 1Q, the company reduced volume availability to adjust the blast furnace in order to prepare it for productivity gains, which should already appear in this quarter.

On the raw materials side, the company also benefited **(ii)** from the decline in international prices for metallurgical coal (-6% q/q) and 62% iron ore Fe (-5% q/q), which contributed to a leaner cost structure, in addition to a drop in third-party plate prices, mainly due to the softening of the average USD/BRL FX rate (-3% q/q).

**CMIN: C1/t sideways due to a softer FX rate.** Our C1/t cash cost is projected at US$21/t Genial Est. (flat q/q; -1.2% y/y), offsetting the effect of fixed cost dilution from a seasonally better quarter.

We believe this should occur due to the failure to fully capture the operating gains, given the decline in the USD/BRL FX rate (-3% q/q), since the indicator is reported in USD and usually earns dilution gains in BRL when the FX rate rises. In the opposite scenario — which is what happened this quarter — C1/t tends to increase.

**CMIN: Realized price contraction should push EBITDA down.** Our C1/t cash cost is projected at US$21/t Genial Est. (flat q/q; -1.2% y/y), offsetting the effect of fixed cost dilution from a seasonally better quarter. We believe this should occur due to the failure to fully capture the operating gains, given the decline in the USD/BRL FX rate (-3% q/q), since the indicator is reported in USD and usually earns dilution gains in BRL when the FX rate rises. In the opposite scenario — which is what happened this quarter — C1/t tends to increase.

Our model points to EBITDA of R$1.3bn Genial Est. (-9.2% q/q; -35.8% y/y), pressured sequentially by the contraction in the realized price of iron ore (-20% q/q), which should completely offset the significant increase in shipments (+14.8% q/q). In addition, costs are expected to rise, with C1/t, measured in USD, losing efficiency due to the reduction in the USD/BRL FX rate (-3% q/q). Furthermore, we estimate an EBITDA margin of 36.5% (stable q/q; -8.3p.p. y/y).

**Table 6. Income Statement CMIN (2Q25 Genial Est.)**

| **CMIN** | 2Q25E | 1Q25 | | 2Q24 | |
|---|---|---|---|---|---|
| (R$ millions) | **Genial Est.** | **Reported** | **% q/q** | **Reported** | **% y/y** |
| **Net Revenue** | **3.557** | **3.911** | **-9,1%** | **4.514** | **-21,2%** |
| COGS | (2.121) | (2.238) | -5,2% | (2.227) | -4,8% |
| **Adjusted EBITDA** | **1.297** | **1.427** | **-9,2%** | **2.018** | **-35,8%** |
| EBITDA Margin (%) | 36,5% | 36,5% | 0p.p | 44,7% | -8,3p.p |
| **EBIT** | **1.029** | **1.124** | **-8,4%** | **1.149** | **-10,4%** |
| EBIT Margin (%) | 28,9% | 28,7% | 0,2p.p | 25,4% | 3,5p.p |
| D&A | (274) | (310) | -11,7% | (250) | 9,6% |
| Financial Result | (562) | (1.315) | -57,2% | (381) | 47,5% |
| **Net Income** | **414** | **(357)** | **-** | **516** | **-19,8%** |
| Net Margin (%) | 11,6% | -9,1% | - | 11,4% | 0,2p.p |

*Source: CMIN, Genial Investimentos*

**CSN Holding: EBITDA should decline q/q with a significant downturn in mining.** We project consolidated EBITDA of R$2.5bn Genial Est. (-1.9% q/q; -6.9% y/y), mainly reflecting the significant decline in the mining division, whose negative contribution tends to offset the improvement observed in the other operating units. The EBITDA forecast of R$1.0bn Genial Est. (-27.1% q/q) for mining mainly reflects the significant decline in FOB prices (-20% q/q), although the quarter should be marked by record shipment volumes (11Mt). Amid this scenario, we expect sequential EBITDA growth, albeit below historical profitability levels. With normalized margins at ~25% (+3p.p. q/q; and vs. 33% at the peak in 4Q24), the company should continue to outperform the cement industry average, but without the same degree of slack observed previously and expected earlier.

On the other hand, EBITDA for the steel unit should advance to R$573mn Genial Est. (+18.4% q/q; +76.6% y/y), reflecting the strategy of prioritizing price over volume, in addition to significant cost efficiencies resulting from the concentration of production in a single blast furnace.

The cement division is expected to report EBITDA of R$315mn Genial Est. (+30.8% q/q; -8.9% y/y), benefiting from the seasonal increase in sales, although the result is still negatively impacted by the rise in petcoke prices. It is worth highlighting the robust performance of the Railways + Tora Group division, with EBITDA estimated at R$435mn Genial Est. (+35.3% q/q; +12.2% y/y) due to the ongoing incorporation of 100% of Tora into the holding company.

**Table 7. EBITDA CSN (2Q25 Genial Est.)**

| CSN<br>(R$ Millions) | 2Q25E<br>Genial Est. | 1Q25<br>Reported | % q/q | 2Q24<br>Reported | % y/y |
|---|---|---|---|---|---|
| **Adjusted EBITDA** | **2.461** | **2.509** | **-1,9%** | **2.645** | **-6,9%** |
| Steel | 573 | 485 | 18,4% | 325 | 76,6% |
| Mining | 1.022 | 1.401 | -27,1% | 1.590 | -35,8% |
| Porto | 34 | 34 | 0,1% | 26 | 30,1% |
| Railway + Tora Group | 435 | 321 | 35,3% | 388 | 12,2% |
| Energy | 82 | 79 | 3,3% | 14 | 485,0% |
| Cement | 315 | 241 | 30,8% | 346 | -8,9% |
| Eliminations | (44) | (51) | -14,4% | (44) | 0,0% |

*Source: CSN, Genial Investimentos*

**CSN Holding: Bottom line pressured by financial impact and FX.** We estimate a Loss of R$270mn Genial Est. (-63.1% q/q; -0.5% y/y), given the still very pressured financial result, with financial expenses estimated at R$1.7bn (-9.9% q/q; +11.5% y/y). As observed in 1Q25, the quarter was again penalized by the reversal of the positive FX rate effect that had favored CMIN's financial investments in 4Q24. The appreciation of the USD vs. BRL throughout 2Q25 — with the FX rate falling from R$5.74 to R$5.46 (-5% q/q) — should result in accounting losses related to the marking of instruments in USD, mainly in the group's consolidated cash balance, which significantly deteriorates the net financial result.

**Table 8. Income Statement CSN (2Q25 Genial Est.)**

| CSN<br>(R$ Millions) | 2Q25E<br>Genial Est. | 1Q25<br>Reported | % q/q | 2Q24<br>Reported | % y/y |
|---|---|---|---|---|---|
| **Net Revenue** | **10.418** | **10.908** | **-4,5%** | **10.882** | **-4,3%** |
| COGS | (8.228) | (8.375) | -1,8% | (7.893) | 4,3% |
| **Adjusted EBITDA** | **2.461** | **2.509** | **-1,9%** | **2.645** | **-6,9%** |
| EBITDA Margin (%) | 23,6% | 23,0% | 0,6p.p | 24,3% | -0,7p.p |
| **EBIT** | **1.398** | **888** | **57,5%** | **1.614** | **-13,4%** |
| EBIT Margin (%) | 13,4% | 8,1% | 5,3p.p | 14,8% | -1,4p.p |
| D&A | (1.063) | (999) | 6,4% | (939) | 13,3% |
| Financial Result | (1.668) | (1.850) | -9,9% | (1.495) | 11,5% |
| **Net Income** | **(270)** | **(732)** | **-63,1%** | **-223** | **21,3%** |
| Net Margin (%) | -2,6% | -6,7% | 4,1p.p | -2,0% | -0,5p.p |

*Source: CSN, Genial Investimentos*

## Our take on CSN and CMIN

**CMIN: Much speculation in iron ore, fundamentals remain weak.** The mining environment has begun to show preliminary signs of a more constructive turnaround, driven by factors such as **(i)** the trade agreement between the US and China on rare earth exports — a sign that a broader agreement may be in the works — and **(ii)** the Chinese central government's signal, through the Central Economic Affairs Commission, of production capacity cuts in the steel industry. **Market sentiment** may have **shifted from bearish** to **slightly constructive**, with the company's shares rising +5% in five days, but the **change in scenario still seems incipient**, both in terms of scope and duration.

We do not believe that recent news — such as the **hydroelectric dam project** in the eastern Tibetan Plateau (an investment of ¥1.2 trillion or ~US$170bn) — will actually dismantle the scenario of excess iron ore supply. In our opinion, this news flow is more linked to **speculative factors**. As such, we have maintained our projected curve for **3Q25E** at **US$94/t** (vs. ~US$104/t currently) and **4Q25E** at **US$89/t** — as well as a **C1/t with no reduction in the annual view**, remaining **flat at US$21.5/t 25E** – reflecting **(iii)** favorable seasonality of shipments in 2H, expanding supply, which will already include **(iv)** an increase in volume vs. a reduction in demand in China (-45Mt in iron ore in 12M), once again creating an **unfavorable environment for iron ore prices.** On the fundamentals side, we continue to see an imbalance between supply and demand for the coming years (new capacity coming online, including Simandou). We therefore reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$5.75**, implying an **upside** of **+8.7%.**

**CSN Holding: FCF burn should be more subdued.** We believe that **FCF** should remain at a **negative level**, reaching **-R$150mn Genial Est.** (13% lower burn vs. 1Q25) due to a number of factors. Among these, we highlight: **(i)** still contained funds release in **working capital** (WC), which should reach **R$75mn Genial Est.** (+25% q/q); **(ii)** acceleration in **CAPEX**, totaling **R$1.2bn Genial Est.** (+5% q/q), linked to progress on CMIN's P15 Project (MG); and **(iii)** continued high cash outflows related to **interest expenses**. In terms of leverage, we believe that the **Net Debt/EBITDA** ratio will **increase slightly** to **3.3x** (+0.1x vs. 1Q25), mainly reflecting the **decline in EBITDA** (-6.9% y/y) within the LTM base. However, the reduction in the value of gross debt issued in USD — reflecting the decompression of the USD/BRL EoP FX rate (-5% q/q) — in addition to the indication of a strengthening of the FCF position, with an **inflow of +US$240mn** (~R$1.3bn), through the signing of a prepayment agreement with Vital, should help mitigate EBITDA compression within the leverage indicator.

**CSN Holding: Potential value unlocking with infrastructure selloff.** We have information that the company is working to monetize assets from its **logistics business division**, which could unlock value, with the potential to generate up to **+R$10bn in cash flow**. The proposal would involve the **sale of a stake to a strategic partner, but without relinquishing control** (up to ~40% of the capital). The asset agreement includes MRS, port operation, and possibly Tora, for example. It is worth noting that the process has already received positive initial feedback from infrastructure funds, and a deal announcement is expected **by the end of 2025**. Our preliminary assessments indicate an offer of multiples between **9-10x EV/EBITDA**, which highlights the portfolio attractiveness.

**CSN Holding: Some downward revision in Cement.** Due to a more restrictive environment for the cement sector in Brazil, we now project that sales volume in 2025 will reach **65.5Mt 25E**, representing a **just a moderate increase of +1.5% y/y**. Although the sector ended 1H25 with positive performance — **32Mt of domestic sales** (+3.5% y/y), with the Northeast region standing out (+7.4% y/y), according to SNIC —, we believe that this pace is unlikely to be sustained in 2H25. Contributing to this scenario are **(i)** a **SELIC rate that remains high** (at 15%), which tends to restrict credit and negatively impact the real estate sector, the main driver of cement consumption; and **(ii)** a **more pressured cost structure**, especially with the expectation of **USD/BRL FX rate appreciation in 2H25** — due to the trade uncertainty generated by the imposition of **50% tariffs** on Brazilian exports by the Trump administration. This environment should directly affect the cost of **petcoke**, which accounts for **~20% of cement companies' cost structure**, with **~90% of the input being imported**.

In addition, we have already seen signs of a slowdown in June, when sales fell to 5.4Mt (-1.7% y/y), even with daily shipments showing a slight increase of +0.5% y/y. Added to this is the recent decline in consumer and industrial confidence. Despite this, the extension of the **Minha Casa, Minha Vida** (MCMV) program, which accounted for more than **50% of residential launches in 1Q25** (+40.9% y/y in sales), and the **heating up of the labor market** still offer some support to demand in the short term.
However, we maintain a more cautious outlook for 2H25, given a more challenging macroeconomic environment for volume expansion and the prospect of tighter margins (~25% Genial Est. 25E) if the company is unable to reduce its discount policies and/or start passing on price increases in the face of the **ongoing price war via aggressive competition** with players such as Votorantim. Given this, we believe it is prudent to adjust our bullish forecast for **realized prices to +1% 25E** (vs. +2% previously).

**CSN Holding: Trying a different strategy.** In a consolidated analysis, we decided to maintain a **cautious outlook**, based on three main factors. In **(i) mining**, despite initial signs of a turnaround in prices, derived, for example, from signals from the Chinese government about industry capacity cuts, in addition to the announcement of the construction project for the world's largest hydroelectric dam, we believe that the **situation still lacks structural confirmation** in order for us to remodel our direction towards the 62% reference curve Fe 25E.

In **(ii) steel**, the scenario should remain under pressure from an adverse combination of slowing domestic demand (-0.8% y/y) and **rising imports** (+26.8% y/y through May), which have offered products up to 20% cheaper in the domestic market. Although apparent consumption remains on a slightly positive trajectory (+1.5% y/y), we believe that this increase will continue to be mostly absorbed by imported steel, which should continue to squeeze margins due to the price war and competition for market share, especially in the flat steel segments. On the other hand, we see **CSN attempting a different strategy from its peers**. For example, Usiminas and Gerdau are likely to see their realized prices contract sequentially in the domestic market. CSN, on the other hand, should lose market share but **manage to retain prices**.

Finally, in **Cement**, although sales in 1H25 surprised positively (+3.5% y/y), the **outlook for 2H25 is less optimistic**, with more modest growth (+1.5% y/y; 65.5Mt Genial Est. 25E), limited by factors such as the still high SELIC rate (15% y/y) and a cost structure pressured by the possible acceleration of the USD/BRL FX rate due to the uncertainty inherent in the Trump administration's tariffs on Brazilian products. Even so, initiatives such as Minha Casa, Minha Vida (MCMV) and the resilience of the labor market should continue to offer some support.

Therefore, given the **lack of clearer catalysts** to justify a significant repricing of shares, we reiterate our **NEUTRAL rating**, with a **12M Target Price** of **R$9.50**, implying an **upside** of **+11.1%.**

## Appendix: CMIN

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

| Income Statement | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Net Revenue** | **15.091** | **15.205** | **16.609** | **18.149** |
| (-) COGS | (8.506) | (8.457) | (8.445) | (9.730) |
| **Gross Profit** | **6.585** | **6.748** | **8.163** | **8.419** |
| (-) Expenses | (1.581) | (2.569) | (2.637) | (2.739) |
| **Adjusted EBITDA** | **5.003** | **5.115** | **6.352** | **6.429** |
| (-) D&A | (1.196) | (1.244) | (1.320) | (1.421) |
| **Adjusted EBIT** | **3.807** | **3.871** | **5.032** | **5.008** |
| (+/-) Financial Result | (1.246) | (1.080) | (942) | (773) |
| (-) Taxes | (563) | (907) | (612) | (436) |
| **Net Income** | **1.998** | **1.884** | **3.478** | **3.799** |
| **Profitability** | | | | |
| Net margin (%) | 13,2% | 12,4% | 20,9% | 20,9% |

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

| Cash Flow (FCFF) | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Net Revenue** | **15.091** | **15.205** | **16.609** | **18.149** |
| (-) COGS | (8.506) | (8.457) | (8.445) | (9.730) |
| **Adjusted EBITDA** | **5.003** | **5.115** | **6.352** | **6.429** |
| **EBIT** | **3.807** | **3.871** | **5.032** | **5.008** |
| (-) Taxes | (563) | (907) | (612) | (436) |
| (+) D&A | 1.196 | 1.244 | 1.320 | 1.421 |
| (+/-) Δ WK | 20 | 113 | 139 | 646 |
| (-) Capex | (1.584) | (1.807) | (2.078) | (2.409) |
| **FCFF** | **2.877** | **2.514** | **3.800** | **4.231** |

## Appendix: CSN

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

| Income Statement | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Net Revenue** | **46.933** | **48.471** | **53.148** | **57.772** |
| (-) COGS | (34.837) | (34.665) | (37.687) | (40.543) |
| **Gross Profit** | **12.096** | **13.806** | **15.461** | **17.230** |
| (-) SG&A and others | (1.585) | (1.475) | (1.346) | (1.233) |
| **Adjusted EBITDA** | **10.511** | **12.331** | **14.115** | **15.997** |
| (+/-) Financial Result | (5.848) | (4.977) | (4.625) | (5.144) |
| **EBT** | **473** | **3.093** | **4.940** | **6.008** |
| (-) Taxes | (364) | (1.052) | (1.679) | (2.043) |
| **Net Income** | **109** | **2.041** | **3.260** | **3.966** |
| **Profitability** | | | | |
| Net Margin (%) | 0,23% | 4,21% | 6,13% | 6,86% |

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

| Cash Flow (FCFF) | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Net Revenue** | **46.933** | **48.471** | **53.148** | **57.772** |
| (-) COGS | (34.837) | (34.665) | (37.687) | (40.543) |
| **Adjusted EBITDA** | **10.511** | **12.331** | **14.115** | **15.997** |
| **Adjusted EBIT** | **6.321** | **8.070** | **9.564** | **11.152** |
| (-) Taxes | (364) | (1.052) | (1.679) | (2.043) |
| (+) D&A | 4.190 | 4.261 | 4.551 | 4.845 |
| (+/-) Δ WK | | (11) | (1.039) | (528) |
| (-) Capex | (4.908) | (5.041) | (5.041) | (5.041) |
| **FCFF** | **5.299** | **6.227** | **6.356** | **8.384** |

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|---|---|---|
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| **Neutral** | Expected return between +10% and -10% relative to the Company's industry average | **41%** |
| **Sell** | Expected return below -10% in relation to the Company's sector average | **5%** |
| **under Review** | Under review | **5%** |

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