CSN & CMIN

3Q25 Review: Iron ore up but trapped by cash burn

LatAm Metals & Mining

Main takeaways for CMIN:

(i) Shipments reached **12.4Mt** (+1.3% vs. Est.), exceeding our projection and marking the highest quarterly volume in the company's history, with growth of **+4.8% q/q** and **+4.3% y/y**, reflecting record logistics efficiency — with TECAR exceeding 4Mt shipped in a single month — and a greater share of third-party purchases in the mix; **(ii)** The **realized price** was **US$65.7/t FOB** (+0.3% vs. Est.), a significant increase of **+26.6% q/q** and **+43.1% y/y**, sustained by the recovery of the 62% Fe reference curve Fe curve to US$102/t (+4.4% q/q), by exposure to above-average forward pricing and by the improvement in the premium for low-alumina ores, in addition to the lower impact of silica penalties; **(iii) C1/t** was reported at **US$21.1/t** (-1.0% vs. Est.), slightly better than projected, but still up **+1.4% q/q** and **+10.5% y/y**, reflecting the negative effect of the appreciation of the BRL (-4% q/q), which limited gains from fixed cost dilution, and a higher proportion of third-party ore; **(iv)** Adjusted **EBITDA** totaled **R$2.0bn** (+6.3% vs. Est.), exceeding our projections, growing **+57.0% q/q** and **+74.8% y/y**, with a margin of **38.7%** (+1.9p.p. vs. Est.; +7.3p.p. q/q), the best level for a 3Q in 5Y, reflecting record volumes, higher prices, and efficient cost control, even with pressure on maritime freight, with BCI C3 at US$23.4/t (+12% q/q).

Main takeaways for CSN:

(i) Steel: **Sales** totaled **1.1Mt** (+0.8% vs. Est.), an increase of **+4.3% q/q** and a decline of **-9.3% y/y**, reflecting the change in commercial strategy throughout the quarter, with the company adopting a more competitive stance on prices after prioritizing profitability in 1H25; **realized price** (MD+FM) stood at **R$5,004/t** (+0.9% vs. Est.), with compression of **-6% q/q** and **-3.4% y/y**, influenced by greater penetration of imports and weaker demand in the European market; **COGS/t** reached **R$4,672/t** (-2% vs. Est.), declining **-2.6% q/q** and **-4.5% y/y**, representing the lowest production cost in the last four years, as a result of greater production efficiency and thermal optimization in the blast furnaces at the Presidente Vargas plant (RJ); **(ii) Cement**: **Sales** reached **3.6Mt** (+0.6% vs. Est.), growing **+13.1% q/q** and slightly declining **-0.7% y/y**, sustained by the consistent execution of the market gain strategy, leading the company to record the second highest quarterly volume in its history; **Realized price** was **R$368/t** (-2.2% vs. Est.), declining **-2.8% q/q** and advancing **+5.6% y/y**, reflecting efforts to expand capillarity and market share vs. competition (especially Votorantim), with selective transfers in markets exposed to MCMV; **(iii) Adjusted EBITDA** totaled **R$3.3bn** (+2.4% vs. Est.), exceeding our estimate, with strong growth of **+25.6% q/q** and **+45.3% y/y**, and a margin of **28.1%** (+0.2p.p. vs. Est.), reflecting the solid performance of **mining**, with EBITDA of R$1.9bn (+5.0% vs. Est.; +57% q/q; +73% y/y) and expansion in **cement** to R$388mn (+17% vs. Est.; +32% q/q; +11% y/y) — the segment's highest EBITDA ever. These advances offset the decline in the steel division to R$428mn (-24.2% vs. Est.; -26% q/q), impacted by weaker price dynamics in the domestic market (-7% q/q).

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Companies

CSNA3 BZ Equity
Neutral

Price: R$ 9.13 (04-Nov-2025)
Target Price 12M: R$ 9.50

CMIN3 BZ Equity
Neutral

Price: R$ 5.97 (04-Nov-2025)
Target Price 12M: R$ 6.50

Table 1. Shipments Summary (3Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Sales)	**3Q25**	**3Q25E**	**% Diff.**	**2Q25**	**% q/q**	**3Q24**	**% y/y**
Steel	1.058	1.050	**0,8%**	1.014	**4,3%**	1.166	**-9,3%**
Iron Ore	12.396	12.241	**1,3%**	11.832	**4,8%**	11.884	**4,3%**
Cement	3.623	3.601	**0,6%**	3.204	**13,1%**	3.650	**-0,7%**

Source: CSN & CMIN, Genial Investimentos

Table 2. Income Statement Summary CMIN (3Q25 vs. Genial Est.)

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**3Q25**	**3Q25E**	**% Diff.**	**2Q25**	**% q/q**	**3Q24**	**% y/y**
Net Revenue	5.146	5.090	**1,1%**	4.038	**27,4%**	3.967	**29,7%**
Adjusted EBITDA	1.991	1.873	**6,3%**	1.268	**57,0%**	1.139	**74,8%**
Net Income	696	650	**7,0%**	116	**501,2%**	446	**55,9%**

Source: CMIN, Genial Investimentos

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

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**3Q25**	**3Q25E**	**% Diff.**	**2Q25**	**% q/q**	**3Q24**	**% y/y**
Net Revenue	11.793	11.579	**1,9%**	10.693	**10,3%**	11.067	**6,6%**
Adjusted EBITDA	3.319	3.241	**2,4%**	2.643	**25,6%**	2.284	**45,3%**
Net Income	76	30	**154,8%**	(130)	**-**	(751)	**-**

Source: CSN, Genial Investimentos

CSN and **CMIN** released their **3Q25 results** yesterday, Nov. 4, after the market closed. In terms of leverage, CSN lowered its **Net Debt/EBITDA** ratio to **3.14x** (flat vs. Est.; -0.1x q/q), in line with our expectations and with the deleveraging trend observed since the peak of 3.9x in 4Q23. We believe that the **(i)** strong expansion of **consolidated EBITDA** to **R$3.3bn** (+2.4% vs. Genial Est.), **exceeding our projection**, with a prominent increase of **+25.6% q/q** and **+45.3% y/y** — helping to compose the LTM base — more than offset the **burn of FCF** of **-R$815mn**, in addition to CMIN's minority dividend payments (R$442mn) and the change in MRS's net debt (R$1.5bn), which contributed to an increase in total Net debt to R$37.5bn (+5.3% q/q).

We emphasize that, although the current level remains above vs. main peers (Usiminas and Gerdau), the downward trajectory seems consistent with achieving the **guidance** of **3x 25E**, even though we highlight some risk factors, such as a high EBITDA base in 4Q24 (R$3.3bn, levels equal to those reported this quarter) that would have to be overcome to increase the LTM composition—the factor that has contributed most to the leverage landing trajectory at this point.

3Q25 Review: In detail!

CMIN: First time exceeding 12Mt; Prices rise sharply. We believe that the company presented figures indicating exceptional operational performance, achieving record volumes and delivering margin improvement amid the recovery of the 62% Fe reference curve. Net revenue totaled R$5.1bn (+1.1% vs. Genial Est.), basically in line with our projection, accelerating sharply by +27.4% q/q and +29.7% y/y, driven by shipments of 12.4Mt (+1.3% vs. Genial Est.), growing +4.8% q/q and +4.3% y/y, slightly above our expectations. It is worth mentioning the logistics performance via TECAR, which reached 4Mt shipped in a single month, in addition to a larger share of third-party cargo in the sales mix.

The realized price was also noteworthy, reaching US$65.7/t FOB (+0.3% vs. Genial Est.), a significant — but expected — increase of +26.6% q/q and +43.1% y/y, reflecting both **(i)** the improvement in international iron ore prices, with IODEX 62% Fe reaching an average of US$102/t (+4.4% q/q), and **(ii)** the positive effect of the sales mix more exposed to forward pricing, which closed above the quarterly average. We also note **(iii)** the improvement in the premium for low-alumina ores and the lower impact of silica penalties. The rise in prices was also accompanied by more costly sea freight rates — the BCI C3 (Tubarão–Qingdao) rose to US$23.4/t (+12% q/q) — but the effect was offset by strong operational dilution from record volume.

CMIN: C1/t accelerates, even with improved volume. On the cost side, C1/t was reported at US$21.1/t (-1.0% vs. Genial Est.), indicating slightly better than projected efficiency, but still up +1.4% q/q and +10.5% y/y. We emphasize that the operational advances for the period, which would come with the dilution of fixed costs, were not captured due to **(i)** the reduction in the USD/BRL FX rate (-4% 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.

In addition, we believe that **(ii)** the higher volume of purchases from third parties may have influenced an increased C1/t. Cash COGS/t reached R$188/t (-1.2% vs. Genial Est.), also slightly lower than our estimate, but with an increase of +7.7% q/q and +25.7% y/y, reflecting the higher production pace and third-party purchases.

CMIN: Record EBITDA in the last 5Y. Adjusted EBITDA reached R$2.0bn (+6.3% vs. Genial Est.), exceeding our projection, rising sharply by +57.0% q/q and +74.8% y/y, with a margin of 38.7% (+1.9p.p. vs. Est.), expanding +7.3 p.p. q/q and +10 p.p. y/y — the best level for a 3Q performed by the company in the last 5Y. The execution was sustained by a combination of record volumes, better price realization, and efficient expenses management, even in a scenario of more pressured freight costs. Finally, net income totaled R$696mn (+7% vs. Genial Est.), exceeding our expectations, increasing +5x q/q and +55.9% y/y, also driven by a significant decompression in financial results (-24.5% q/q), due to lower foreign exchange losses on retained cash positions in USD and better yields on financial investments.

CSN Holding: Revenue rises, driven by mining & cement. The company posted solid operating results, above our projections, but still with a marked dependence on mining division (CMIN) performance. Consolidated Net revenue totaled R$11.8bn (+1.9% vs. Genial Est.) , exceeding our forecast, rising +10.3% q/q and +6.6% y/y, driven by the strong execution of mining business to R$4.4bn (+29.4% q/q; +47.8% y/y) and by the advance in cement, reaching R$1.3bn (+9.9% q/q; +4.8% y/y), factors that offset the decline in steel, which stood at R$5.3bn (-1.8% q/q; -12.4% y/y), still affected by competition from imports and pressure on prices (-6% q/q; -3.4% y/y).

CSN Holding: Steel shipments up q/q; prices down. Sales reached 1.1Mt (+0.8% vs. Genial Est.), up +4.3% q/q, but down -9.3% y/y, reflecting the change in commercial strategy adopted during the quarter, with the company implementing a more aggressive pricing stance to regain competitiveness vs. prioritizing profitability. As a direct effect, the realized price (DM+FM) stood at R$5,004/t (+0.9% vs. Est.), with a compression of -6% q/q in view of the greater penetration of imports in the domestic market (DM) and the unfavorable dynamics linked to the uncertainty in the European market (FM).

On a positive note, we observed that steel COGS/t stood at R$4,672/t (-2% vs. Genial Est.), representing a decline of -2.6% q/q and -4.5% y/y, reflecting the lowest production cost in the last 4Y due to increased efficiency in the production process, with greater optimization of raw materials and improvement in the thermal balance of the blast furnaces at the Presidente Vargas mill (RJ).

CSN Holding: Cement continues to face tight pricing. Shipments totaled 3.6Mt (+0.6% vs. Genial Est.), advancing +13.1% q/q and basically stable at -0.7% y/y, which shows that the strategy adopted to capture the market's momentum remains assertive, with the company recording the second-best sales performance in its history. The realized price reached R$368/t (-2.2% vs. Est.), below the projection, retracting -2.8% q/q; with an increase of +5.6% y/y, with sequential smoothing explained by efforts to increase capillarity in the search for market share — a long battle with Votorantim —, although partially sustained by selective adjustments in markets linked to MCMV (social housing) on an annual basis.

CSN Holding: EBITDA rises double digits. Consolidated adjusted EBITDA totaled R$3.3bn (+2.4% vs. Genial Est.), exceeding our forecast, with a prominent increase of +25.6% q/q and +45.3% y/y, with a margin of 28.1% (+0.2p.p. vs. Est.), expanding +3.4p.p. q/q and +7.5p.p. y/y. The performance was supported by a record operating result for 3Q in 5Y in the mining division (CMIN), which achieved EBITDA of R$1.9bn (+5.0% vs. Est.), accelerating +57% q/q and +73% y/y.

We also highlight the recovery of the cement division as a driving force, which reached R$388mn (+17% vs. Est.), up +32% q/q and +11% y/y, representing the highest EBITDA in history for the segment and reflecting not only the competitive advantages of the operation, with newer plants and vertical management, but also the assertiveness of the commercial strategy of client diversification. These operations more than offset the contraction in the steel division, which reported R$428mn (-24.2% vs. Est.), and although it grew +10% y/y, it ended up contracting -26% q/q**,** reflecting weaker price dynamics in the domestic market (-7% q/q).

Finally, Net income totaled R$76mn (+1.5x vs. Est.), reversing the losses in 2Q25 and 3Q24, benefiting from negative financial softening to -R$1.4bn (-5% vs. Est.), contracting -24% q/q and -25% y/y, with lower foreign exchange losses and interest in USD, in addition to the accounting gain related to taxes reversal.

Our take on CSN & CMIN

CMIN

CMIN: FCF below expectations, but with positive prospects ahead. FCF totaled **+R$284mn** (-15% vs. Genial Est.), missing our estimate, with a significant decline of **-63% q/q** and a reversal of -R$276mn from 3Q24, reflecting **(i)** working capital (**WC**) compression of **-R$555mn** (+40% vs. Genial Est.), reversing the release of +R$180mn in 2Q25 and increasing the squeeze by +1.9x y/y. We believe that the higher WC consumption can be explained both by the rise in iron ore prices and by elevated sales volume, since both factors drove up accounts receivable, which reached R$1.5bn (+67% q/q). On the positive side, we expect accounts receivable to decrease between 4Q25E and 1Q26E, thereby freeing up these funds in FCF going forward.

In addition, we note a **(ii) CAPEX** higher than expected, which reached **R$603mn** (+10% vs. Genial Est.) , expanding **+21% q/q** and **+27% y/y**, due to efforts to maintain the operation execution and achieve records set this quarter, in addition to progress in expansion projects, mainly those related to P15 infrastructure.

CMIN: Dividend yield closes at 7%. In terms of shareholder remuneration, the company approved the distribution of **R$903mn** or **R$0.16/share** (interim dividends + equity interests-JCP), as an advance on the minimum mandatory dividend for the 2025 fiscal year. Shareholders registered on **Nov. 7** will be entitled to the proceeds, and the shares will be traded ex-dividends and ex-JCP as of **Nov. 10**. Payment is scheduled for **Nov. 19,** without monetary adjustment. If we add to the total amount of **R$1.5bn** approved at the Board of Directors' meetings held on December 27, 2024, and May 8, 2025, the company's **Dividend Yield** reaches **7%** (vs. 12% Est.), which is well below what we expected, partially reducing the attractiveness of the shares.

CMIN: TP adjustment, but bias maintained. Given the more resilient behavior of iron ore prices in 2H25, we have decided to revise our assumptions for the future 62% Fe curve again. Following the adjustment made in the Vale's report, in which we raised the **4Q25E** reference to **US$98/t** (vs. ~US$90/t previously), we started from a higher base for 2026E and now incorporated the readjustment of the **1Q26E** curve to **US$100/t** (vs. ~US$93/t previously), reflecting the typical seasonal effect of restocking prior to the Lunar New Year and the temporary reduction in supply caused by monsoons between 4Q25-1Q26, already fairly priced in the Jan futures contract price on the DCE (~US$110/t; +3% vs. spot). As a result, our average has moved to **US$95/t 26E** (+3% vs. previous), incorporating this less depreciative bias in the short term.

Despite the revision, however, we **remain cautious**. Signs of weakening remain clear: negative margins at Chinese mills (-US$15/t), compression of the quality spread, steeper contango in the futures curve, and a decline in China's FAI (-0.5% y/y in 9M25). Added to this are **higher Brazilian supply** (shipments of 41Mt in July; +5% y/y vs. +2% y/y BBG consensus), stable Australian exports, and the imminent entry of Simandou, whose operational start in Nov/25 tends to reinforce the scenario of oversupply in 2026.

That said, with the upward curve adjustment, which we still consider conservative, we have decided to raise our **12M Target Price** to **R$6.50** (vs. R$5.75 previously), implying an **upside** of **8.9%.** However, we believe that these positive aspects have already been almost fully priced into stock, which leads us to believe that maintaining our **NEUTRAL rating** is the most prudent course of action at this time.

CSN Holding

CSN Holding: FCF burn much worse than expected. FCF totaled **-R$815mn** (vs. -R$500mn Genial Est.), a result that was more pressured than projected, although it reduced the burn rate by -45% q/q and -17% y/y. The difference from the estimate is explained by the combination of three negative factors that were more intense than anticipated. First, **(i)** robust consumption of working capital **(WC)**, totaling **-R$652mn** vs. net consumption of -R$250mn Est**.**, because of increased commercial activity impacting accounts receivable (dynamics explained in the CMIN analysis), in addition to a reduction in the supplier line due to the settlement of forfaiting operations.

In addition, we observed **(ii)** high **CAPEX** level, which reached **R$1.4bn** (+7.7% vs. Est.), also exceeding our projection, expanding **+8% q/q** and **+8.5% y/y**, justified by the progress in projects aimed at updating and increasing the efficiency of operations at the Presidente Vargas mill (RJ), greater investments in P15 and in the cement segment. Additionally, we saw **(iii)** high net financial expenses (cash), which reached R$1.2bn (+8% vs. Est.).

CSN Holding: Fine imposed for non-compliance with court order. CADE **imposed a fine** of **R$128mn** on the company for failing to comply with a court order requiring the **sale of excess shares** in **Usiminas** (USIM5). The case dates to 2014, when the agency imposed a **5%** limit on CSN's stake in its competitor as a condition to avoid market concentration. Although the initial deadline was withdrawn in 2019, TRF-6 reinstated the requirement in 2023, setting July 10, 2024, as the deadline for the sale. As CSN only completed the sale in 2025, the non-compliance resulted in a fine adjusted by the SELIC rate since August 2024. The decision was confirmed by CADE on October 22, 2025. We emphasize that the company has announced that it will **appeal the decision**, arguing that it fully complied with the divestment obligation and that the decision diverges from the agency's internal technical understanding.

We emphasize that CSN Holding had sold 35.2 million ON shares and 27.3 million PN shares of Usiminas to Globe Investimentos at R$4.20 (closing price on July 29, 2025). As a result, its stake fell from 12.9% to 7.9% of the total capital, but still above the regulatory limit of 5%. The transaction totaled +R$263mn – 0.7% of net debt and ~2% of CSN Holding's market cap.

Iron ore up but trapped by cash burn. Since CSN Holding is still highly dependent on CMIN – ~60% of EBITDA in 3Q25 – the change in our curve projection for 62% Fe, made for the valuation of the mining division, consequently altered the output of our model for CSN Holding. Thus, as we did for CMIN, we decided to readjust our **12M Target Price** to **R$9.50** (vs. R$9.00 previously), equivalent to 60% of the TP increase made in CMIN (+R$0.75) – consistent with the proportional importance of the division to the holding company – implying an **upside** of **+6.8%.** On the other hand, we note that the good operating results in 3Q25 (EBITDA +25.6% q/q and +45.3% y/y) were not effectively converted into FCF generation. On the contrary, the company recorded a **burn rate** of **-R$815mn** vs. R$3.3bn in EBITDA, which prevents us from perpetuating a more bullish bias for the investment thesis at this time. Therefore, we have decided to reiterate our **NEUTRAL rating**.

Appendix: CMIN

Figure 1. CMIN – Income Statement (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 (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 (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**46.933**	**48.471**	**53.148**	**57.772**
(-) COGS	(35.088)	(34.893)	(37.992)	(40.810)
Gross Profit	**11.845**	**13.578**	**15.155**	**16.962**
(-) SG&A and others	(559)			
Adjusted EBITDA	**11.286**	**13.709**	**15.414**	**17.354**
(+/-) Financial Result	(5.927)	(5.315)	(4.948)	(5.465)
EBT	**1.177**	**4.144**	**5.926**	**7.055**
(-) Taxes	(588)	(1.409)	(2.015)	(2.399)
Net Income	**589**	**2.735**	**3.911**	**4.657**
Profitability				
Net Margin (%)	1,25%	5,64%	7,36%	8,06%

Figure 2. CSN – Cash Flow (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**46.933**	**48.471**	**53.148**	**57.772**
(-) COGS	(35.088)	(34.893)	(37.992)	(40.810)
Adjusted EBITDA	**11.286**	**13.709**	**15.414**	**17.354**
Adjusted EBIT	**7.104**	**9.459**	**10.874**	**12.521**
(-) Taxes	(588)	(1.409)	(2.015)	(2.399)
(+) D&A	4.182	4.250	4.540	4.833
(+/-) Δ WK		(11)	(1.039)	(528)
(-) Capex	(4.908)	(5.041)	(5.041)	(5.041)
FCFF	**5.850**	**7.248**	**7.319**	**9.386**

Disclosure Section

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Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
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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