

CSN & CMIN

4Q25 Review: A beat with a bitter aftertaste

LatAm Metals & Mining

Main takeaways for CMIN:

(i) Shipments reached **12.0Mt** (+3.4% vs. Est.), declining **-3.3% q/q** but rising **+11.7% y/y**, marking the strongest 4Q performance in the company's history, supported by sustained operational reliability at mine and logistics efficiency via TECAR; (ii) Realized price was **US\$63.5/t FOB** (+0.4% vs. Est.), down **-2.7% q/q** but up **+2.1% y/y**, reflecting a lower impact from provisional pricing periods that had benefited the previous quarter; (iii) C1/t stood at **US\$23.4/t** (+2.2% vs. Est.), rising **+10.9% q/q** and **+14.7% y/y**, reflecting higher waste stripping activity and greater participation of third-party purchases, partially offset by dilution from strong shipment levels; (iv) Adjusted **EBITDA** totaled **R\$1.8bn** (+8.8% vs. Est.), declining **-11.6% q/q** and **-12.6% y/y**, reaching a margin of **35.7%** (+0.9p.p. vs. Est.), mainly supported by stronger-than-expected volumes; (v) Net income reached **R\$1.2bn** (+45.7% vs. Est.), rising sharply **+71.5% q/q** but declining **-40.8% y/y**; (vii) Therefore, we have decided to maintain our **NEUTRAL** rating, with our **12M Target Price** at **R\$6.00**, implying an upside of **+15.6%**.

Main takeaways for CSN:

(i) **Steel**: Sales totaled **995Kt** (+0.4% vs. Est.), down **-6.0% q/q** and **-15.3% y/y**, reflecting weaker domestic demand, high distributor inventories and softer year-end seasonality; realized price stood at **R\$5,259/t** (+6.1% vs. Est.), up **+5.1% q/q** and **+0.3% y/y**, driven mainly by stronger export prices and a better mix in metal profiles; **COGS/t** reached **R\$4,531/t** (-1.7% vs. Est.), down **-3.0% q/q** and **-4.4% y/y**, benefiting from lower raw material costs; (ii) **Cement**: Sales reached **3.1Mt** (-6.5% vs. Est.), declining **-14.4% q/q** and **-4.6% y/y**, reflecting heavier rainfall and fewer working days; realized price reached **R\$406/t** (+7.5% vs. Est.), up **+10.2% q/q** and **+12.0% y/y**, supported by additional price adjustments; (iii) Consolidated **Net Revenue** of **R\$11.4bn** (+5.7% vs. Est.), down **-3.3% q/q** and **-5.2% y/y**, supported by stronger-than-expected performance in steel, mining and logistics, partially offset by weaker energy results; (iv) **Adjusted EBITDA** reached **R\$3.3bn** (+16% vs. Est.), broadly stable q/q (**+0.2%**) and slightly down y/y (**-0.3%**), with margin at **29.2%** (+2.5p.p. vs. Est.), driven mainly by stronger steel performance and solid mining contribution; (v) **Net loss** of **-R\$721mn** (vs. -R\$92mn Est.), reversing the profit of 3Q25, mainly pressured by lower EBIT following the shutdown of Blast Furnace No.2; (vi) **FCF** totaled **-R\$282mn** (vs. -R\$1.8bn Est.), improving vs. -R\$815mn in 3Q25, mainly supported by stronger EBITDA of **R\$3.3bn** (+16% vs. Est.), WC release of **+R\$350mn** (vs. -R\$809mn Est.), and CAPEX of **R\$2.0bn** (-5% vs. Est.); (vii) **Leverage** at **3.5x** (+0.2x vs. Est.; +0.3x q/q), reflecting net debt of **R\$41.2bn** (+11% vs. Est.; +10% q/q; +15% y/y) despite LTM EBITDA of **R\$11.8bn** (+4% vs. Est.; flat q/q; +15% y/y); the increase moves further the company's **~3x target**, raising concerns about deleveraging credibility without asset sales; (viii) As this seems to us to be a macro and uncertain movement, we decided to maintain our **12M Target Price** at **R\$9.00**, putting our rating to **UNDER REVIEW** (vs. NEUTRAL rating) temporarily until the stressed scenario began to get clearer.

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Companies

CSNA3 BZ Equity Under Review

Price: R\$ 7.13 (11-Mar-2026)
Target Price 12M: R\$ 9.00

CMIN3 BZ Equity Neutral

Price: R\$ 5.19 (11-Mar-2026)
Target Price 12M: R\$ 6.00

Table 1. Shipments Summary (4Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Sales)	4Q25	4Q25E	% Diff.	3Q25	% q/q	4Q24	% y/y
Steel	995	991	0.4%	1,058	-6.0%	1,175	-15.3%
Iron Ore	11,981	11,589	3.4%	12,396	-3.3%	10,731	11.7%
Cement	3,101	3,315	-6.5%	3,623	-14.4%	3,249	-4.6%

Source: CSN & CMIN, Genial Investimentos

Table 2. Income Statement Summary CMIN (4Q25 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	4Q25	4Q25E	% Diff.	3Q25	% q/q	4Q24	% y/y
Net Revenue	4,929	4,655	5.9%	5,146	-4.2%	4,830	2.1%
Adjusted EBITDA	1,761	1,619	8.8%	1,991	-11.6%	2,015	-12.6%
Net Income	1,194	820	45.7%	696	71.5%	2,016	-40.8%

Source: CMIN, Genial Investimentos

Table 3. Income Statement Summary CSN (4Q25 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	4Q25	4Q25E	% Diff.	3Q25	% q/q	4Q24	% y/y
Net Revenue	11,403	10,787	5.7%	11,794	-3.3%	12,026	-5.2%
Adjusted EBITDA	3,325	2,871	15.8%	3,319	0.2%	3,335	-0.3%
Net Income	(721)	(92)	686.6%	76	-	(85)	748.5%

Source: CSN, Genial Investimentos

CSN and CMIN released their **4Q25 results** yesterday, **Mar 11**, after the market closed. In terms of leverage, the ratio reached **3.5x Net Debt/EBITDA** (+0.2x vs. Est.), rising **+0.3x q/q** and coming above our predictions, mainly reflecting a higher-than-expected net debt level, which offset the stronger LTM EBITDA. We point out that this movement goes against the company's **~3x target**, as even with **EBITDA outperforming expectations** at **R\$3.3bn** (+16% vs. Est.; +22% vs. BBG Consensus), the leverage ratio failed to meet our expectations, which were already for an increase, but in a milder tone.

In our view, this dynamic may leave a **bitter taste among investors**, particularly because company's equity story remains highly **leverage driven**, reinforcing the perception that a meaningful reduction in indebtedness will likely depend on the execution of the **planned asset monetization strategy** (more about that further down).

4Q25 Review: In detail!

CMIN

Record shipments for 4Q, above expectations. CMIN reported solid operating results, with Net Revenue reaching R\$4.9bn (+5.9% vs. Est.), exceeding our estimate, declining -4.2% q/q but rising +2.1% y/y, mainly explained by volumes above our forecast. Shipments totaled 12.0Mt (+3.4% vs. Est.), declining -3.3% q/q but expanding +11.7% y/y, marking the strongest 4Q performance in the company's history, supported by sustained operational reliability at mine and the continued efficiency of the logistics platform, particularly via TECAR.

This shipment level exceeded our projections despite the beginning of the rainy season, reinforcing the gains in logistics capacity and operational execution achieved throughout the year. In addition, realized price reached US\$63.5/t (+0.4% vs. Est.), declining -2.7% q/q but increasing +2.1% y/y, broadly in line with expectations, reflecting the lower impact of shipments exposed to provisional pricing periods, which had benefited the previous quarter.

C1/t rises sharply; EBITDA down double digits. On the cost side, C1/t reached US\$23.4/t (+2.2% vs. Est.), slightly above our prospects, rising +10.9% q/q and +14.7% y/y, mainly reflecting **(i)** higher waste stripping activity, consistent with the company's mine plan, partially offset by the **(ii)** dilution effect from shipment levels remaining close to historical highs. Furthermore, total COGS also suffered, reflecting the higher participation of third-party purchases and stronger commercial activity vs. same period last year.

The Adjusted EBITDA reached R\$1.8bn (+8.8% vs. Est.), declining -11.6% q/q and -12.6% y/y, down by double digits mainly due to the increase in C1/t and slight sequential compression in price, but still coming above our projections mainly explained by beefier shipment volumes than we had modeled, as said, with margin reaching 35.7% (+0.9p.p. vs. Est.), decreasing -3p.p. q/q and -6p.p. y/y. Finally, Net Income totaled R\$1.2bn (+45.7% vs. Est.), rising sharply +71.5% q/q but declining -40.8% y/y.

CSN Holding

Steel: Sales down due to seasonality, prices better than estimates. In the steel division, shipments totaled 995Kt (+0.4% vs. Est.), declining -6.0% q/q and -15.3% y/y, coming almost in line with our outlook, and still reflecting high inventory levels among local distributors, as well as the continued elevated volume of imported material in the domestic market and tariff barriers to exports. Domestic market (DM) reached 757Kt (+5.5% vs. Est.), declining -2.9% q/q and -13.6% y/y, over our predictions, and exports (FM) clocked in at 238Kt (-13.1% vs. Est.), down -14.4% q/q and -20.4% y/y, below our expectations. As previously said, the result reflects the softer year-end seasonality, weaker automotive demand and the pull-forward of part of orders into 3Q25 after the price announcement in Oct.

Despite the lower volume, the realized price (DM+FM) reached R\$5,259/t (+6.1% vs. Est.), rising +5.1% q/q and +0.3% y/y, coming surprising positively, due to not just a stronger domestic pricing at R\$5,044/t (+1.3% vs. Est.), lifting a bit sequentially (+0.7% q/q) and despite going down -3.4% y/y, but mostly driven by export prices at R\$5,945/t (+21.4% vs. Est.), rising +19.2% q/q and +12.1% y/y, suggesting a much better mix than we had modeled, particularly in metal profiles commercialized by SWT.

Steel: COGS/t at lowest level in 5Y. On the cost side, steel COGS/t fell to R\$4,531/t (-1.7% vs. Est.), slightly below our estimates, registering a contraction of -3.0% q/q and -4.4% y/y, recording the lowest levels since 2021, reflecting significant improvements in operational efficiency, greater optimization in the use and drop of the prices of raw materials – international prices for metallurgical coal fell (-2% q/q) and should have supplied a leaner cost structure, despite the harm caused from the rise in 62% iron ore Fe (+4% q/q) – gains in the combustion process, and the smoothing of the USD/BRL FX rate (-1% q/q).

Cement: Sharp shipments' drop, despite price improvement. In cement, the company shipped 3.1Mt (-6.5% vs. Est.), declining -14.4% q/q and -4.6% y/y, below our estimates, reflecting weaker seasonal activity than anticipated, characterized by higher rainfall (less construction site formation) and fewer working days. Even so, the realized price reached R\$406/t (+7.5% vs. Est.), rising +10.2% q/q and +12.0% y/y, above our prospects, supported by additional price adjustments and sustained demand in low-income housing-linked regions as the cement market experienced a more favorable commercial environment, braced higher utilization capacity among local producers.

Net Revenue: Stronger top line, driven by steel and mining. CSN Holding reported stronger-than-expected operating results, with consolidated Net Revenue reaching R\$11.4bn (+5.7% vs. Est.), declining -3.3% q/q and -5.2% y/y, above our initial projection despite the typical seasonal slowdown at year-end in steel division and the beginning of the rainy season (affecting both mining and cement). We believe that this improvement in performance compared to what we expected is mainly explained by the steel division, which reached revenues of R\$5.2bn (+6.5% vs. Est.), but still declining -1.2% q/q and -15.2% y/y.

The mining division also reported revenues above projections, reaching R\$4.1bn (+3.9% vs. Est.), despite declining -6.4% q/q, but going up +5.2% y/y. The logistics business followed the same path, with revenue of R\$1.2bn (+10.6% vs. Est.), dropping slightly sequentially (-0.5% q/q), but expanding robust +59.8% y/y (period with no consolidation of Tora). These effects more than offset the weaker-than-expected result in Energy (-26% vs. Est.), declining -6.3% q/q and -11.2% y/y, while cement came broadly in line (+0.6% vs. Est.), declining -7.2% q/q, although improving +6.9% y/y.

EBITDA: Exceeds projections, remains flattish q/q. The consolidated Adjusted EBITDA result also surprised positively, both us and the street, reaching R\$3.3bn (+16% vs. Est.; +22% vs. BBG Consensus), almost flat at +0.2% q/q and only slightly down -0.3% y/y, mainly driven by the steel division, which posted R\$700mn (+77.6% vs. Est.), rising +63.4% q/q and +6.7% y/y, as **(i)** better pricing and **(ii)** lower costs delivered a stronger margin conversion more than compensated for the seasonal volume slowdown.

In addition, the mining division reached R\$1.7bn (+10.1% vs. Est.), despite declining -10.3% q/q and -11.8% y/y, also coming above our prediction, mostly reflecting an increase in sales volumes vs. what we've modeled, while logistics came in line at R\$509mn (+1.1% vs. Est.), declining -7.5% q/q, but increasing +66.8% y/y. The only business that disappointed was Cement, which remained at R\$368mn (-2.6% vs. Est.), down -5.0% q/q and -4.7% y/y, with the weaker volume base offsetting stronger pricing. Like the nominal EBITDA, the margin also clocked in above our estimate, reaching 29.2% (+2.5p.p. vs. Est.), expanding +1p.p. q/q and +1.4p.p. y/y.

Loss: Inventory losses worsen the bottom line. Despite the stronger operating performance vs. what we had anticipated, the company remained in the red zone, with a Loss of -R\$721mn (vs. -R\$92mn Est.), reversing the net income of +R\$76mn in 3Q25 and worsening vs. the loss of -R\$85mn in 4Q24. The much weaker bottom line was mainly explained by a significantly lower EBIT of R\$563mn (-67.3% vs. Est.), declining -67.3% q/q and -56.4% y/y, reflecting the negative impact of operational idleness and inventory losses associated with the shutdown of Blast Furnace No. 2 (BF2), in addition to a greater effect from FX and iron ore hedging operations within other operating results.

The financial result also contributed, remaining heavily negative at -R\$1.3bn (+15.9% worse vs. Est; -9.7% q/q; +3.2% y/y), although improving on year basis, supported by the positive impact of USD/BRL EoP FX rate variation to R\$5.50 (+3% q/q) on overseas financial investments.

Our take on CSN & CMIN

CMIN

Iron ore supply 26-27E is on the rise, price downside risk. We point that **supply is set to accelerate in 2026-27E**, with seaborne volumes from major listed miners expected to rise **+2-2.5% y/y in 26E** (~+40Mt), in line with last year upshift intensity, but from a higher base. Vale and Rio Tinto should deliver similar absolute gains, while incremental volumes from ArcelorMittal (Liberia), MineralResources (Onslow) and the initial ramp-up of Simandou add to the expansion pipeline. Although **(i)** depletion and **(ii)** selective high-cost closures probably will remove capacity over time, we see **limited offset** in the **short-to-medium term**. Installed iron ore capacity could approach **~2.7Btpy within 5Y** (+15% vs. nowadays), marking one of the most significant **supply step-ups in two decades**.

At the same time, **demand dynamics** should remain uneven. **India's structural steel expansion** may gradually shift the region toward **net importer** status of iron ore **by 2030**, partially absorbing seaborne supply. However, this is **unlikely to compensate** for the expected downturn in Chinese demand, which we estimate could contract materially through the end of the decade. As a result, we believe the iron ore **market** will remain **skewed toward oversupply** over the next few years, reinforcing **downside price risks** from current levels. As such, we continue to see further room for price drops in iron ore, after quickly falling to US\$104/t (down -6% vs. peaking in mid-Jan), and making way towards our average forecast of **US\$95/t 26E**, which remains more bearish than other sell-side firms (US\$100-105/t).

We revised C1/t and production assumption; nothing changes in TP. After we revised our **C1/t assumptions** in our preview, the company opened the annual **C1/t guidance** at **US\$22-23.5/t 26E** (+6% y/y at midpoint), an increase of **+8% vs. our previous estimate** at **US\$21.0/t 26E**. Even that we had anticipated that it would be difficult for the company to drop the C1/t for 2026 at this USD/BRL FX rate new environment at R\$5.19 (vs. R\$5.60 in 2025) as they already diagnosed here in 4Q25, where they reported C1/t at US\$23.4/t (+14.7% y/y, when the average USD/BRL FX was R\$5.85). As C1/t are largely denominated in BRL but reported in USD, a stronger currency mechanically limits the scope for cost compression. With the revised C1/t hypothesis for this year, we **now estimate** an expansion of **+6% y/y** vs. -3% y/y prior, implying an even softer margin tailwind than previously expected.

As the company also changed its **production guidance** to **45-47Mt** (vs. 43.5-47.5Mt), which raises the midpoint, in order to balance our model somewhat with the higher C1/t accommodation, in addition to the modification we had already made in the previous report. In other words, we anticipated the trend that C1/t would have an upshift, the intensity of this increase turned out to be greater than expected, but this difference was offset by a higher volume assumption vs. the previous estimate.

Importantly to mention is that our **iron ore conjecture** remains unchanged at **US\$95/t 26E**, and we preserve our cautious stance on the medium-term supply-demand balance. Therefore, we have decided to maintain our **NEUTRAL rating**, with our **12M Target Price** at **R\$6.00, implying an upside of +15.6%**.

CSN Holding

FCF burn less intense than expected. FCF totaled **-R\$282mn** (vs. -R\$1.8bn Est.), a result significantly better than projected in our preliminary report, also improving markedly vs. burn of -R\$815mn in 3Q25 and -R\$1.7bn in 4Q24. The positive deviation vs. our estimate should be mainly explained by three factors. Firstly, **(i)** stronger Adjusted EBITDA generation, which reached **R\$3.3bn** (+16% vs. Est.; +0.2% q/q; -0.3% y/y), reflecting a more resilient operating performance than we had projected. Secondly, **(ii)** a strong release of working capital (**WC**), totaling **+R\$350mn** (vs. consumption of -R\$809mn Est.), reflecting inventory normalization and improvements in the financial cycle during the quarter.

Finally, **(iii)** **CAPEX** disbursements reached **R\$2.0bn** (-5% vs. Est.; +42% q/q; -1% y/y), coming slightly below our estimates despite the typical acceleration of investments toward year-end, still reflecting the ongoing execution of projects within the group's expansion and maintenance cycle with the holding ending 2025 **within annual guidance** at **R\$5.9bn**, beyond the despite the upsurge of +9% y/y. These three positive factors more than offset the **(iv)** net financial expenses totaling **-R\$1.4bn** (+9% vs. Est.; +14% q/q; -3% y/y), remaining elevated due to the CSN's high leverage and still restrictive interest-rate environment.

Leverage increases above our estimate. In terms of **leverage**, the **Net Debt/LTM EBITDA** ratio reached **3.5x** (+0.2x vs. Est.), rising **+0.3x q/q**, coming above our ledges, principally due to a higher-than-expected net debt level offsetting a greater LTM EBITDA. **Net debt** totaled **R\$41.2bn** (+11% vs. Est.; +10% q/q; +15% y/y), reflecting lower cash availability during the quarter amid continued investment execution and debt servicing.

At the same time, **LTM EBITDA** reached **R\$11.8bn** (+4% vs. Est.; flat q/q; +15% y/y), remaining broadly stable sequentially as the stronger-than-expected 4Q25 operating performance largely offset the replacement of a stronger comparison base in 4Q24.

We emphasize that this expansion was **against the company's ~3x 25E company's target**, compromising the rationale that even with an increase beyond our estimates, the leverage ratio did not decrease as it was supposed to occur, raising some points of concern regarding the company's credibility in meeting its target for the following years, unless you execute the asset sale plan.

Could there be a stakes sale in Steel? Company indicated that a financial advisor is being hired to conduct a comprehensive **strategic review of the steel division**, with conclusions expected over the coming months. While market speculation has included the possibility of selling stakes in the steel business, after the conversations we had with company, we concluded that **full divestment of its core steel business appears unlikely**, given its structural importance within the holding structure. Instead, our take is that the assets' review seems focused on improving returns and reducing capital intensity, potentially through **(i)** strategic partnerships; **(ii)** minority investments; or **(iii)** supplier-financed structures, rather than outright asset disposals.

We assess that restoring competitiveness in steel would require sizable investments — particularly in **coke battery capacity**, where two units could imply **~R\$4-5bn in CAPEX** — while other areas such as mining, logistics and internal projects offer clearer returns. Given balance-sheet constraints, it seems to us that a more feasible option would be a **third-party investment model**, including long-term **take-or-pay arrangements** with suppliers funding infrastructure. This could relieve investment pressure while expanding coke capacity, and lowering steel COGS/t.

CAPEX bias: Deleveraging first, but P-15 can be accelerated. We believe that the company should put up a **CAPEX** in-line with new strategic plan, implying more assertive capital allocation and potential reprioritization. However, this investment plan would have to adapt to the deleveraging cycle that the company intends to undertake but still allow faster acceleration of the highest-return **mining projects**, rather than postponement — particularly **P-15**, which is tied to a **potential +R\$4bn EBITDA** uplift.

In other words, deleveraging plan is meant to **unlock, not choke, growth**: once balance sheet pressure eases, the company expects to push high-margin mining projects forward. That said, the company **did not provide CAPEX 26E figures** (at least so far), only that it will be revisited and reshaped under the new plan going forward.

Selling to fix leverage. As discussed in a previous report on the company's strategic replanning, potential moves to lower leverage include **(i)** the sale of the **cement business** (could be up to 100% stake) and/or **(ii)** a minority stake in **logistics** (beyond the MRS' sale), which could generate meaningful proceeds and help address investors' main concern: leverage. So, even a **full exit from cement** was framed as financially rational if proceeds were used to accelerate debt reduction, reduce interest burden and simplify the group structure.

We assess that **cement platform** could **attract strategic interest from buyers** given its 26% margin in 2025 (+5-10p.p. vs. sector average), relatively modern asset base, energy cost advantages and licensed expansion projects, positioning it as a compelling entry vehicle for **foreign players** seeking scale in Brazil. That said, management acknowledged that **timing remains uncertain**, with a transaction more likely toward year-end and potentially slipping into 2027 depending on buyer negotiations and regulatory approval processes. In particular, a sale to a domestic player could face **CADE antitrust review**, which might extend approval timelines significantly, reinforcing our view that an international buyer is the more likely path and could reduce execution risk.

We believe that the company should **retain control of the infrastructure platform**, while still monetizing value through a minority stake at the holding level (rather than asset-by-asset sales). The platform is viewed internally as a high-EV vehicle built over many years, with the current transaction representing the first cluster (four assets) within a broader seven-asset structure. Cement, in contrast, is positioned primarily as a valuation-efficiency lever, with recent sector transactions suggesting attractive EV multiples and supporting management's view that a control sale could maximize proceeds per unit of deleveraging.

Energy stays; infra must remain linked to mining logistics. We assess that **energy remains in the portfolio because it is low-risk**, supports a smoother earnings mix, and company's self-production generates structural benefits by reducing costs that can be shared with industrial operations. They also see room to expand sales to third parties as Brazil's demand for clean energy grows. On the infrastructure business sale, the strategic constraint is that this division is deeply intertwined with mining (rail/port advantages), especially in the Southeast corridor, so the company views **control as important to sustain mining's ramp-up** and export competitiveness.

They also signaled a roadmap with two clusters: **Southeast now** (2026) and **Northeast later** (2027), with management emphasizing that the Northeast block has significant embedded value after years of investment pressure and is now materially de-risked (cash committed to completion, execution advanced). The **four assets** in the Southeast cluster were explicitly named: **Tora** (road transport), **TECOM** (container port), **TECAR** (bulk terminal for iron ore/coal/coke), and **CSN's full stake in MRS** (as positioned within the infra platform discussion). The other three in the Northeast were described as **two railways and a private terminal**, still finishing construction, which is why management prefers not to bundle all seven assets immediately (due diligence complexity and timeline). At the same time, there is a strategic preference to end up with one single holding in the future. They suggested they may either **(i)** bring the second cluster later to market; or **(ii)** discuss terms with the incoming minority partner so that valuation premises for the second cluster are incorporated within the broader process if feasible.

Anti-dumping measures can help, not save. On the regulatory front, recent trade defense measures against subsidized imports, including **(i)** anti-dumping duties and **(ii)** +9% increase in import tariffs on 9 selected steel NCMs were viewed as a constructive step, particularly after preliminary investigations reinforced the urgency of implementing stronger commercial defense mechanisms. In this context, Brazil's Executive Management Committee (GECEX/MDIC) **approved anti-dumping measures** on **cold-rolled coil** and **coated flat-rolled** products originating in China, with additional progress expected in the near term.

Management believes new decisions on cold-rolled and coated products could advance as early as **Mar**, while a definitive rule on hot-rolled coil (**HRC**) is more likely later in the year (potentially by **Jul/26**), reflecting the political sensitivity of broader trade restrictions in an election cycle. This is especially relevant given that **60–65%** of Brazil's **4Mt flat steel imports in 2025 originated in China**, with cold-rolled and coated shipments alone exceeding **1.5Mt in the past 12M**.

While these initiatives should **help level the playing field** and may assist a gradual recovery in domestic pricing and market share, both the company and our view **remain cautious** regarding the magnitude of the impact. Import penetration remains elevated, and risks of triangulation through countries such as Vietnam or Korea persist amid ongoing global steel surplus, meaning foreign material is likely to continue entering Brazil — potentially at somewhat higher landed costs, but still competitively priced.

As such, tariffs are best seen as **reassuring rather than transformational**: they may increase import costs and provide some margin relief for local producers but are **unlikely to fully normalize competitive dynamics**. Given electoral sensitivities and inflation concerns tied to steel-intensive goods, we continue to see **limited probability** that authorities implement measures with **sufficient intensity to materially reshape the market**. Hence, in our view, prospects for an upside should be dependent on stronger-than-expected enforcement or a more meaningful tightening of import conditions.

Short-term pain, medium-term upside. Management acknowledged that **current demand conditions remain challenging**, particularly in the distribution channel, where elevated inventories have pressured order flows and forced some price adjustments despite attempted increases earlier in the year. As a result, the immediate benefit from trade measures has yet to materialize, and the start of the year has been described as operationally difficult.

Still, the company sees the **risk-reward skew as asymmetric**, with limited downside from the measures already implemented and potential upside if additional protections materialize or pricing gradually adjusts. Internal planning reportedly embeds a potential **EBITDA uplift** of **~R\$1bn** in **steel** linked to these dynamics, though management conceded that recent market performance — including weak January trends — makes the timing of this recovery uncertain. Overall, tariffs are seen as a **tailwind rather than a turnaround trigger**, helping the sector at the margin but not fundamentally changing the structural challenges in the near term.

A beat with a bitter aftertaste. **CMIN** guided **C1/t** costs at **US\$22–23.5/t 26E** (+6% y/y at midpoint), about **+8%** above our prior estimate at **US\$21/t**. As a result, we now expect **C1/t** to rise **+6% y/y** (vs. -3% previously), implying **weaker margin support**. However, the company raised production guidance to **45–47Mt**, offsetting the higher cost assumption through greater volume in our model. Since there will be **no alterations within CMIN's TP** for now, possible effects derived from mining division toward the holding will not happen as well.

In addition, although we do not embed any explicit FCF from potential asset disposals in 2026E, given the absence of binding agreements, management's deleveraging roadmap (cement divestment and minority logistics monetization) needs to be taken as more seriously than previously.

This view is reinforced by the fact that **leverage** reached **3.5x Net Debt/EBITDA**, coming above what we expected and moving quite further away from the company's **~3x target**, even with a stronger-than-expected LTM EBITDA, as higher net debt offset the improvement of earnings.

In our view, this dynamic reinforces that **asset sales will likely be indispensable** to move leverage closer to the company's target. For us, **Cement** remains the most rational divestment candidate, given its margin of **26% in 2025** and strategic appeal, while logistics monetization at the holding level also appears feasible. In the steel division, partnerships or minority structures will likely be preferred over outright divestment. Given the high sensibility assumed from the **very stressed macro scenario** at current events, such as the **Iran war** (moving upwards oil prices), that gives a higher inflation pressure and even greater future interest rate curve, we observed a strong reaction from investors selling stocks in companies with high leverage, justifying the **-10.5% drop** of CSN's shares in **just 5 days**.

As this seems to us to be a macro and uncertain movement, we decided to maintain our **12M Target Price** at **R\$9.00**, putting our rating to **UNDER REVIEW** (vs. NEUTRAL rating) **temporarily** until the stressed scenario began to get clearer.

Appendix: CMIN

Figure 1. CMIN – Income Statement (Genial Est. 2026-2028)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	17,365	18,752	19,572	21,017
(-) COGS	(9,734)	(10,716)	(11,497)	(12,488)
Gross Profit	7,631	8,037	8,074	8,529
(-) Expenses	(3,291)	(3,186)	(3,464)	(3,819)
Adjusted EBITDA	5,720	6,373	6,239	6,477
(-) D&A	(1,227)	(1,352)	(1,451)	(1,575)
EBIT	4,340	4,851	4,610	4,710
(+/-) Financial Result	(951)	(787)	(691)	(598)
(-) Taxes	(1,152)	(1,382)	(1,333)	(1,398)
Net Income	2,236	2,682	2,587	2,714
Profitability				
Net Marqin (%)	12.9%	14.3%	13.2%	12.9%

Figure 2. CMIN – Cash Flow (Genial Est. 2026-2028)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	17,365	18,752	19,572	21,017
(-) COGS	(9,734)	(10,716)	(11,497)	(12,488)
Adjusted EBITDA	5,720	6,373	6,239	6,477
EBIT	4,340	4,851	4,610	4,710
(-) Taxes	(1,152)	(1,382)	(1,333)	(1,398)
(+) D&A	1,227	1,352	1,451	1,575
(+/-) Δ WK	695	750	783	841
(-) Capex	(2,400)	(2,300)	(2,200)	(2,100)
FCFF	2,710	3,271	3,311	3,628

Appendix: CSN

Figure 1. CSN – Income Statement (Genial Est. 2026-2028)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	43,042	45,450	46,737	48,113
(-) COGS	(31,960)	(32,229)	(31,986)	(31,900)
Gross Profit	11,082	13,221	14,751	16,212
(-) Expenses	(6,716)	(7,076)	(7,195)	(7,318)
Adjusted EBITDA	10,655	12,794	14,352	15,848
(-) D&A	(4,049)	(4,168)	(4,237)	(4,328)
EBIT	4,365	6,145	7,555	8,895
(+/-) Financial Result	(4,980)	(4,584)	(4,245)	(3,908)
(-) Taxes	352	(885)	(1,882)	(2,834)
Net Income	(263)	676	1,429	2,152
Profitability				
Net Margin (%)	-0.6%	1.5%	3.1%	4.5%

Figure 2. CSN – Cash Flow (Genial Est. 2026-2028)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	43,042	45,450	46,737	48,113
(-) COGS	(31,960)	(32,229)	(31,986)	(31,900)
Adjusted EBITDA	10,655	12,794	14,352	15,848
EBIT	4,365	6,145	7,555	8,895
(-) Taxes	352	(885)	(1,882)	(2,834)
(+) D&A	4,049	4,168	4,237	4,328
(+/-) Δ WK	430	454	467	481
(-) Capex	(6,000)	(6,000)	(6,000)	(6,000)
FCFF	3,196	3,883	4,377	4,869

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under Review	Under review	5%

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