

CSN & CMIN

1Q26 Preview: The stressed scenario yet to clarify

LatAm Metals & Mining

Main takeaways for CMIN:

(i) Production of 10.4Mt Est. (-12.3% q/q; +1.5% y/y), reflecting heavier-than-normal rainfall in Minas Gerais creating operational pressure, including brief site stoppages, though own production should come in roughly in line with 1Q25 — a strong outcome given the context — with **shipments totaling 9.9Mt Est.** (-17.5% q/q; +2.8% y/y), reflecting a normalization steeper than a typical 1Q pattern but still pointing to positive annual growth; **(ii) Realized price of US\$62.5/t Est.** (-1.6% q/q;), broadly stable sequentially, with two modest headwinds partially offsetting the slight uptick in the 62% Fe benchmark (+1% q/q): quality discounts widening and freight costs; **(iii) C1/t of US\$21.3/t Est.** (-9.0% q/q; +1.4% y/y), with the modest annual increase largely a mechanical FX effect — the stronger BRL (-10% y/y) inflating the USD-reported figure; **(iv) EBITDA of R\$1.4bn Est.** (-18.8% q/q; +0.2% y/y), pressured sequentially by the weather-related volume decline and softer price realization, but broadly flat on an annual basis; **(v)** Given the persistence of elevated macro volatility, we are placing our rating **UNDER REVIEW** (vs. NEUTRAL previously) on a temporary basis, pending greater clarity on the stressed scenario.

Main takeaways for CSN:

(i) Steel: Shipments (DM+FM) of 979Kt Est. (-1.6% q/q; -14.4% y/y), reflecting a very difficult Jan–Feb opening compounded by import pull-forward ahead of anti-dumping measures and an earlier Carnival, partially offset by a sharp Mar recovery; **price (DM+FM) at R\$5,122/t Est.** (-2.6% q/q), with the +3% DM price increase partially neutralized by early-quarter concessions and FX effects; **(ii) Cement: Net revenue of R\$1.3bn Est.** (+0.8% q/q; +15.1% y/y), as resilient civil construction demand cushions rainfall-driven softness, with pricing recovering from Mar onward; **(iii) Net Revenue of R\$10.2bn Est.** (-11.0% q/q; -6.9% y/y), pressured by mining normalization and soft steel volumes; **(iv) Steel COGS/t at R\$4,758/t Est.** (+5.0% q/q; +0.4% y/y), reflecting coal cost lag flowing through the P&L, broadly stable annually under the single blast furnace strategy at Presidente Vargas; **(v) Adj. EBITDA at R\$2.6bn Est.** (-21.3% q/q; +4.2% y/y), pressured sequentially by mining (-19.2% q/q) and steel (-44.3% q/q, partly distorted by the R\$314mn one-off in 4Q25), with the annual gain driven by logistics and cement; **(vi) Loss of -R\$285mn Est.** (-60.5% q/q; -61.1% y/y), with sequential improvement from EBIT normalization away from the distorted 4Q25 base, and annual gain from both stronger EBIT and better financial result (-R\$1.5bn Est.; -18.8% y/y), as the softer USD/BRL EoP to R\$5.18 (-6% q/q) generates accounting losses on USD-denominated instruments — the inverse dynamic of 4Q25; **(vii) With leverage at 3.5x in 4Q25** and the bridge loan structure creating strong economic incentives for repayment by end-2026 or early 2027, execution risk is real and the current macro backdrop, with compressed buyer appetite and wider valuation gaps, is not making it easier. As the stressed scenario has yet to clarify, we maintain our **12M Target Price at R\$9.00**, keeping our rating **UNDER REVIEW**.

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Companies

CSNA3 BZ Equity Under Review

Price: R\$ 6.08 (04-May-2026)

Target Price 12M: R\$ 9.00

CMIN3 BZ Equity Under Review

Price: R\$ 4.59 (04-May-2026)

Target Price 12M: R\$ 6.00

Table 1. Shipments Summary (1Q26 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Sales)	1Q26E	4Q25	% q/q	1Q25	% y/y
Steel	979	995	-1.6%	1,144	-14.4%
Iron Ore	9,905	11,981	-17.3%	9,640	2.8%
Cement	3,163	3,101	2.0%	3,204	-1.3%

Source: CSN & CMIN, Genial Investimentos

Table 2. Income Statement Summary CMIN (1Q26 Genial Est.)

(R\$ millions)	Genial Est.	Reported		Reported	
Income Statement	1Q26E	4Q25	% q/q	1Q25	% y/y
Net Revenue	3,913	4,929	-20.6%	3,911	0.0%
Adjusted EBITDA	1,430	1,761	-18.8%	1,427	0.2%
Net Income	492	1,194	-58.8%	(357)	-

Source: CMIN, Genial Investimentos

Table 3. Income Statement Summary CSN (1Q26 Genial Est.)

(R\$ millions)	Genial Est.	Reported		Reported	
Income Statement	1Q26E	4Q25	% q/q	1Q25	% y/y
Net Revenue	10,151	11,403	-11.0%	10,908	-6.9%
Adjusted EBITDA	2,616	3,325	-21.3%	2,509	4.2%
Net Income	(285)	(721)	-60.5%	(732)	-61.1%

Source: CSN, Genial Investimentos

CSN and CMIN will release their **1Q26** results on **May 13**, after the market closes. For **CMIN**, we project **shipments of 9.9Mt Est.** (-17.5% q/q; +2.8% y/y), reflecting a steeper-than-usual seasonal normalization driven by heavier-than-normal rainfall in Minas Gerais (MG), though own production should come in roughly in line with 1Q25 (a strong operational outcome given the context).

We set the **realized price** to reach **US\$62.5/t Est.** (-1.6% q/q; +3.3% y/y), down just a bit sequentially, with **quality discounts widening** by **+US\$1/t** and freight costs adding a further **+US\$1/t** headwind from Mar onward, partially neutralized a slight uptick in the 62% Fe benchmark (+1% q/q). On **costs**, we project **C1/t** clocking in at **US\$21.3/t Est.** (-9.0% q/q; +1.4% y/y), with the modest annual increase due to FX effect, as the stronger BRL (+10% y/y) end-up inflating the USD-reported figure, rather than any operational deterioration, and the company confirming the y/y increase should not reach double digits as peers did. In this context, we estimate mining **EBITDA** of **R\$1.4bn Est.** (-18.8% q/q; +0.2% y/y).

For **CSN Holding**, we project **steel shipments of 979Kt Est.** (-1.6% q/q; -14.4% y/y), reflecting a quarter with a very difficult opening in Jan–Feb, compounded by a pull-forward of imports ahead of anti-dumping measures and an earlier Carnival, with only a partial offset from a sharp Mar recovery. The **Realized prices** should reach **R\$5,122/t Est.** (-2.6% q/q; -2.3% y/y), as the **+3% on DM price** implemented at the start of the year should be partially neutralized by concessions granted during the weaker early months and FX effects in the FM.

The **Steel COGS/t** should move to **R\$4,758/t Est.** (+5.0% q/q; +0.4% y/y), reflecting coal-related raw material pressure flowing through the P&L with a typical lag, though almost stable on an annual basis supported by continued operational efficiency at Presidente Vargas (RJ) under the single blast furnace strategy. In **cement**, our model points to a **Net revenue of R\$1.3bn Est.** (+0.8% q/q; +15.1% y/y), almost flat sequentially as resilient civil construction demand cushions the rainfall-driven volume softness, with pricing beginning to recover from Mar. onward.

At the consolidated level, we project **Net Revenue of R\$10.2bn Genial Est.** (-11.0% q/q; -6.9% y/y), reflecting weaker performance in the steel and mining divisions, which together should account for ~82% of consolidated net revenue. We estimate consolidated **EBITDA of R\$2.6bn Genial Est.** (-21.3% q/q; +4.2% y/y), with the sequential contraction driven primarily by mining and steel, while the positive annual comparison will be supported by logistics and cement more than offsetting the steel division's decline.

Finally, the **bottom line** is modeled to remain **negative at -R\$285mn Genial Est.** (-60.5% q/q; -61.1% y/y), with the sequential improvement explained by the normalization of EBIT away from the heavily distorted 4Q25 base, and the annual gain driven by both a stronger EBIT and a better financial result, as the softer USD/BRL EoP rate to R\$5.18 (-6% q/q) is set to generate accounting losses on USD-denominated instruments (the inverse dynamic of 4Q25).

1Q26 Preview: In detail!

CMIN: Rainy season headwinds, but resilient operations. We expect iron ore production to reach 10.4Mt Genial Est. (-12.3% q/q; +1.5% y/y), reflecting a more challenging seasonal quarter than usual, with heavier-than-normal rainfall in Minas Gerais (MG) expected to create some operational pressure on a quarterly basis, including brief site stoppages. Despite the adverse weather, own production should come in roughly in line with 1Q25 levels, which we view as a strong operational outcome given the context. Third-party purchases should be lower q/q, driven more by availability and quality constraints from suppliers during the rains than by any deliberate strategic decision. Total shipments are projected at 9.9Mt Genial Est. (-17.5% q/q; +2.8% y/y), slightly above on y/y basis, reflecting a normalization steeper than a typical 1Q pattern given the weather intensity, but still pointing to positive annual growth.

On the other hand, the realized price is expected to reach US\$62.5/t Genial Est. (-1.6% q/q; +3.3% y/y), down just a bit sequentially, with two modest headwinds partially offsetting the slightly grow in the 62% Fe benchmark dynamic (+1% q/q): **(i)** quality discounts should widen by +US\$1/t q/q; and **(ii)** freight costs should add another +US\$1/t headwind, though we expect this effect to materialize only from Mar onward. The provisional pricing mechanism, which was marginally positive in 4Q25, will be roughly neutral in 1Q26E, meaning the sequential price movement is likely to be cost-of-delivery driven rather than benchmark or mix related.

Table 4. Production and Shipments CMIN (1Q26 Genial Est.)

CMIN (Million tonnes)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Production + Purchases	10.4	11.8	-12.3%	10.2	1.5%
Total Shipments	9.9	12.0	-17.3%	9.6	2.8%
Internal Market	1.2	0.9	28.3%	1.0	16.6%
External Market	8.7	11.0	-21.2%	8.6	1.1%

Source: CMIN, Genial Investimentos

CSN Holding: Soft volumes and FX offsetting price uplift. We project consolidated steel shipments (DM+FM) of 979Kt Genial Est. (-1.6% q/q; -14.4% y/y), reflecting a quarter with a very difficult opening: Jan-Feb were characterized by extremely weak commercial activity, compounded by a pull-forward of imports ahead of anti-dumping measures that flooded the domestic market (DM) early in the year and suppressed pricing power, with carnival falling earlier further delaying the recovery of commercial momentum.

In the domestic market (DM), we estimate sales of 714Kt Genial Est. (-5.7% q/q; -9.5% y/y), with only a partial offset from a sharp Mar recovery (one of the strongest months in years), corroborated by IABr data, with a meaningful drop in import volumes (-8.3% y/y) and a sharp pickup in sales activity (+4.9% y/y). In the foreign market (FM), shipments should total 265Kt Genial Est. (+11.5% q/q; -25.4% y/y).

As for prices, we project R\$5,141/t Genial Est. (+2.0% q/q; -1.6% y/y) for the domestic market (DM), with the subsequent improvement driven by the announced price increase (+3% price increase implemented at the start of the year) that should be partially neutralized by concessions granted during the weaker early months. In the foreign market (FM), realizations probably will reach R\$5,070/t Genial Est. (-14.9% q/q; -4.4% y/y), reflecting both mix and USD/BRL FX rate effects (-3% q/q). Finally, we ended with consolidated realized levels (DM+FM) at R\$5,122/t Genial Est. (-2.6% q/q; -2.3% y/y).

CSN Holding: Net revenue pressured by mining and steel. The company should report Net Revenue of R\$10.2bn Genial Est. (-11.0% q/q; -6.9% y/y), reflecting a contraction driven by weaker performance across the steel and mining divisions, which together should account for the bulk of consolidated (82% vs. 87% in 1Q25). In mining, we estimate net revenue of R\$3.3bn (-20.9% q/q; -4.6% y/y), with the q/q decline largely explained by the combination of lower shipments from the weather-impacted quarter and softer realized prices, as the **(i)** iron ore 62% Fe benchmark softened, **(ii)** quality discounts widened and the **(iii)** USD/BRL FX rate appreciated.

For the steel division, net revenue is expected to reach R\$5.0bn (-4.2% q/q; -17.9% y/y), reflecting the soft Jan-Feb commercial environment characterized by extremely weak commercial activity, partially offset by the Mar recovery and the +3% price increase in DM implemented at the start of the year. In logistics, we project net revenue of R\$1.0bn (-13.4% q/q; +36.0% y/y), carrying the mining volume seasonality into 1Q26, though the y/y comparison should benefit from the consolidation of the Grupo Tora multimodal business, which was not yet part of the perimeter in 1Q25.

Finally, the cement unit should post a net revenue of R\$1.3bn (+0.8% q/q; +15.1% y/y), almost stable sequentially, as the typical rainfall-driven volume softness should be cushioned by resilient civil construction demand, with pricing beginning to recover from Mar onward following some discounting in Dec, but also recovering on y/y mainly explained by price realization (+17% y/y Est.)

Table 5. Net Revenue CSN (1Q26 Genial Est.)

CSN (R\$ Millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	10,151	11,403	-11.0%	10,908	-6.9%
Steel	5,015	5,233	-4.2%	6,107	-17.9%
Mining	3,273	4,136	-20.9%	3,432	-4.6%
Logistics	1,048	1,210	-13.4%	771	36.0%
Energy	182	145	25.2%	178	2.0%
Cement	1,268	1,258	0.8%	1,102	15.1%
Eliminations	(635)	(579)	9.8%	(682)	-6.9%

Source: CSN, Genial Investimentos

CSN Holding: Steel COGS/t moving higher on coal lag. We project Steel COGS/t at R\$4,758/t Genial Est. (+5.0% q/q; +0.4% y/y), reflecting coal-related raw material pressure beginning to flow through the P&L in 1Q26E, as purchases from prior months work through the cost structure with a typical lag. On an annual basis, however, we are assuming COGS/t almost flat, supported by continued operational efficiency at the Presidente Vargas plant (RJ) under the single blast furnace strategy, allowing for better input allocation and greater dilution of fixed costs.

Looking ahead, an even more pronounced coal cost is expected in 2Q26E as the lag effect fully materialized (up +9% until yearly-Apr), though the company's expectation is that the +5% across-the-board price increase already implemented in Apr, complemented by the +7% increase on coated/galvanized products driven by anti-dumping measures, should more than offset the cost pressure anticipated over the coming quarters.

CMIN: C1/t pressured by FX, but outperforming peers. Our C1/t cash cost is projected at US\$21.3/t Genial Est. (-9.0% q/q; +1.4% y/y), indicating a sequential improvement from the elevated 4Q25 level but, on an annual basis (a more meaningful comparison given 1Q seasonality) we believe the increase should remain modest despite two meaningful negative points: **(i)** the USD/BRL FX rate softening (-10% y/y), and since C1 costs are largely denominated in BRL but reported in USD, a stronger BRL should inflate the USD-reported figure when dividing by a lower FX rate; and **(ii)** a higher diesel costs that also should add incremental pressure on the cost structure.

Against this backdrop, a +1.4% y/y increase would be, in our view, a strong result given that, based on our conversations with the company, the upsurge should not reach double digits, what we believe to be a materially better trajectory vs. peers, where more pronounced cost pressure was seen.

Table 6. Income Statement CMIN (1Q26 Genial Est.)

CMIN (R\$ millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	3,913	4,929	-20.6%	3,911	0.0%
COGS	(2,054)	(2,590)	-20.7%	(2,238)	-8.2%
Adjusted EBITDA	1,430	1,761	-18.8%	1,427	0.2%
EBITDA Margin (%)	36.5%	35.7%	0.8p.p	36.5%	0.1p.p
EBIT	1,152	1,332	-13.5%	1,124	2.5%
EBIT Margin (%)	29.4%	27.0%	2.4p.p	28.7%	0.7p.p
D&A	(285)	(325)	-12.3%	(310)	-8.2%
Financial Result	(367)	69	-	(1,315)	-72.1%
Net Income	518	1,194	-56.6%	(357)	-
Net Margin (%)	13.2%	24.2%	-11p.p	-9.1%	-

Source: CMIN, Genial Investimentos

CSN Holding: EBITDA down sharply q/q, but resilient on y/y. We project consolidated EBITDA of R\$2.6bn Genial Est. (-21.3% q/q; +4.2% y/y), with the sequential contraction driven primarily by mining and steel. On an annual basis, however, the picture should be more constructive, mainly driven by logistics and cement, more than offsetting the steel division's annual decline.

In the divisions, Mining EBITDA should reach R\$1.4bn Est. (-19.2% q/q; +0.3% y/y), reflecting the weather-related volume headwind, though broadly flat on an annual basis as the sales uplift should be compensated by the higher C1/t and lower price realization in BRL. Steel should post R\$390mn Est. (-44.3% q/q; -19.5% y/y), explained by both revenue factors slowing down, with also the coal cost lag adding further pressure in sequence, although partly distorted by the R\$314mn one-off recorded in 4Q25.

Logistics should deliver R\$441mn Est. (-13.4% q/q; +24.0% y/y), carrying the lower mining flows into its own result, though the y/y gain will reflect the Grupo Tora consolidation. In addition, Cement division is set to post R\$361mn Est. (-1.8% q/q; +49.8% y/y), only a slight q/q decline, even in a quarter with heavy rainfall, which tends to slow down the development of construction sites. Even so, but Mar pricing recovery cushion the rainfall-driven softness, with the strong annual comparison reflecting almost entirely the better environment for pricing. Finally, Energy should deliver R\$66mn Est. (+105.4% q/q; -16.0% y/y).

Table 7. EBITDA CSN (1Q26 Genial Est.)

CSN (R\$ Millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Adjusted EBITDA	2,616	3,325	-21.3%	2,509	4.2%
Steel	390	700	-44.3%	485	-19.5%
Mining	1,405	1,739	-19.2%	1,401	0.3%
Logistics	441	509	-13.4%	355	24.0%
Energy	66	32	105.4%	79	-16.0%
Cement	361	368	-1.8%	241	49.8%
Eliminations	(48)	(23)	109.5%	(51)	-6.9%

Source: CSN, Genial Investimentos

CSN Holding: Bottom line improving, but loss persists. We estimate a loss of -R\$285mn Est. (-60.5% q/q; -61.1% y/y), reflecting a meaningful improvement relative to both comparison periods despite the still-negative bottom line. On a sequential basis, the narrower loss should be primarily explained by the normalization of EBIT, expected at R\$1.1bn Genial Est. (+86.5% q/q; +2.5% y/y), recovering from the heavily distorted 4Q25 base, which was dragged down by inventory losses and operational idleness charges associated with the Blast Furnace No. 2 (BF2) shutdown, alongside FX and iron ore hedging impacts within other operating results.

On an annual basis, we believe the improvement would drive by both a stronger EBIT and a better financial result, with the latter expected at -R\$1.5bn Est. (+15.4% q/q; -18.8% y/y), largely reflecting the FX rate effect: the USD/BRL EoP FX rate declined to R\$5.18 (-6% q/q), generating accounting losses on USD-denominated instruments, with the inverse dynamic of 4Q25, where the appreciating USD had gifted the net financial result through mark-to-market gains on the group's consolidated cash balance.

Table 8. Income Statement CSN (1Q26 Genial Est.)

CSN (R\$ Millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	10,151	11,403	-11.0%	10,908	-6.9%
COGS	(7,523)	(7,735)	-2.7%	(8,375)	-10.2%
Adjusted EBITDA	2,616	3,325	-21.3%	2,509	4.2%
EBITDA Margin (%)	25.8%	29.2%	-3.4p.p	23.0%	2.8p.p
EBIT	1,050	563	86.5%	888	18.3%
EBIT Margin (%)	10.3%	4.9%	5.4p.p	8.1%	2.2p.p
D&A	(946)	(959)	-1.4%	(972)	-2.7%
Financial Result	(1,503)	(1,303)	15.4%	(1,850)	-18.8%
Net Income	(285)	(721)	-60.5%	(732)	-61.1%
Net Margin (%)	-2.8%	-6.3%	3.5p.p	-6.7%	3.9p.p

Source: CSN, Genial Investimentos

Our take on CSN & CMIN

CMIN

Uplifting 62% Fe reference curve. We point that the **iron ore supply/demand balance** is looking **less bearish** than our previous assumptions implied. On the demand side, **(i)** China's steel complex is showing early signs of inflection, **end-user demand is recovering gradually**, with rebar and HRC output inching higher as steelmakers bring rolling mills back online and hot strip mills at East China-based facilities resume operations, drawing down both mill and retail steel inventories faster than previously anticipated.

On the supply side, **(ii)** Simandou's ramp-up is proving **more back-loaded** than feared, now expected to deliver **~15Mt in 2026** (vs. 20Mt Est. previously), while structural rigidities on the seaborne side, such as environmental constraints, port infrastructure bottlenecks, and capital allocation delays, continue to compress supply elasticity beyond what our bear-case models had assumed.

Taken together, the pricing dynamics support an **upgrade to our 62% Fe curve** assumption to **US\$100/t 26E** (vs. US\$95/t previously).

Second consecutive uplift in C1. In contrast, 1Q26E results are expected to reveal a C1/t ex-third-party landing cost above the prior-year level (+1.4% Est. y/y), prompting us to **revise our 26E forecast upward to US\$22.5/t** (+7% vs. our prior Est.; +4% y/y). We note that this represents our base case, incorporating our updated 26E USD/BRL FX assumption into the model without any further adjustments at this stage. This marks our **second revision in C1/t assumption**, following the change introduced in our 4Q25 preview. Should the company demonstrate an ability to mitigate cost pressures through operational improvements beyond our current projections, we would not hesitate to reflect that in our model.

On balance, the more constructive pricing backdrop supports an upgrade to our 62% Fe curve assumption to **US\$100/t 26E** (vs. US\$95/t previously, as flagged in our 1Q26 Vale review), though this tailwind is partially offset by the upward revision to our **26E C1/t ex-third-party estimate**, a direct consequence of the material USD/BRL FX rate downfall (-10% y/y). In the net-effect, the offsetting dynamics leave our valuation largely intact, and we maintain our **12M Target Price at R\$6.00**.

That said, we believe the stock remains heavily influenced by both **(i)** the foreign investor flows into (or out of) emerging market equities; and **(ii)** a possible correlation with CSN Holding stress debt positions within a scenario where the market raised inflation projection for the 8th time and sees index at 4.89% 26E, with sentiment continuing to be shaped by global risk perceptions amid the ongoing conflict in Iran, a backdrop that has already weighed on shares, down **-13.4% YTD**.

Any credible signals of war de-escalation could catalyze renewed buying interest. Given the persistence of elevated macro volatility, we are placing our rating **UNDER REVIEW** (vs. NEUTRAL previously) on a temporary basis, pending greater clarity on the stressed scenario.

CSN Holding

Steady apparent consumption, stuffed inventories. Imports surged to **30% q/q in 1Q26**, front-loaded ahead of anticipated anti-dumping measures, pushing apparent consumption higher while **compressing real demand for domestic producers**. These **excess inventories should normalize** through **2H26E**, at which point conditions probably will become more favorable for the company to recapture domestic market share. With that in mind, near-term commercial stance **will remain** firmly oriented towards **value-over-volume**, with selective and disciplined pricing across spot and industrial segments in the context of heightened market volatility.

On the **demand** side, the **automotive sector** is projected to grow moderately, with +3.7% y/y 26E, data by AFAVEA (vs. **+1.5% Genial Est.**), as we are more conservative given that household debt is at an all-time high at 80.4% in Mar, with 30-50% of total income committed. Broader consumption-linked sectors are holding steady, while agribusiness machinery (-6.2% y/y 26E), and road implements continue to face meaningful headwinds, with volumes declining.

Even so, the full-year outlook does not seem very positive to us. **Steel domestic sales** could downtrend **-1.7% y/y Est.** to **20.8Mt** (semi-finished products + laminates), with **apparent consumption** growing just **+1% Est.** to **27Mt**, as we expect imports to remain at elevated levels during 1H26E.

Defense, not deliverance. Diversion of steel flows from third countries at pricing mirroring Chinese offers remains a growing concern, with Egypt as an emblematic re-routing case given Brazil's bilateral zero-tariff agreement. We are constructive on enforcement given the government's institutional stake in the measures' success, though Korean mills (~11.4% of Brazil's steel imports in 2025, +7.8p.p. y/y) are unlikely to sustain Chinese-subsidized pricing indefinitely and even so, we believe **enforcement alone is questionable to materially shift competitive dynamics.**

On **HRC**, MDIC's preliminary review is expected mid-year with a final ruling in **Dec.** In our view, approval will likely come at the Dec deadline rather than Jul. If approved, the repricing effect is expected to be rapid, although this may lead to importers stockpiling at lower prices in anticipation, as has been the case with other anti-dumping measures. We treat this as **upside optionality, not a base case** for our 26E forecasts.

Given electoral sensitivities and inflation concerns tied to steel-intensive goods, we see **limited probability** that authorities implement measures with **sufficient intensity to materially reshape the market.** Therefore, our view stances on the fact that tariffs may be best seen as **reassuring rather than transformational.** Import parity, meanwhile, should not be read against distorted international benchmarks. If we benchmarked against European or US domestic prices, Brazilian flat steel still trades at a **~15% discount**, reflecting structurally depressed reference levels.

The deal that must happen. We believe the cement assets sale remains the centerpiece of holding's **R\$17-18bn disposal target** and the most consequential near-term execution test for the deleveraging trajectory. The company has already pre-financed expected proceeds via a **bridge loan collateralized with the cement assets** (US\$1.2bn, up to US\$1.4bn).

We anchor to the **8-10x EBITDA** range as the **realistic valuation reference** (Cementos Pacasmayo-Peru at **8.8x**, Cemex-Colombia at **10x**), with room for CSN's cement business to trade toward the higher end given a ~26% EBITDA margin (+5-10p.p. vs. sector average), a relatively modern asset base, energy cost advantages, and licensed expansion projects. We believe the company has position itself as a **compelling entry vehicle** for foreign players seeking scale in Brazil. We conservatively model at **7.5x** (slightly below the range) **as our base for now**, with a full exit framed as financially rational if proceeds are directed toward accelerating debt reduction and simplifying the group structure.

A **foreign strategic** acquirer remains the **most logical buyer**, as domestic consolidation carries meaningful CADE approval risk and execution complexity at CSN's scale. Chinese players, at least one Argentine-controlled vehicle have been cited as names in the market. Votorantim-led deal should face structural hurdles given the consortium size required. On **timing**, a transaction is **more likely toward year-end** and could slip into 2027 depending on buyer negotiations and regulatory approval. We believe CADE review timelines remain the key execution risk.

Which could get in the way? We emphasize that the broader **M&A backdrop should add caution**, with **(i)** elevated SELIC at **14.5%** (-0.25p.p. vs. previously) with a cautious outlook whatsoever amid the Iran war which is generating inflationary pressure with also a surge in oil benchmarks already driving up fuel prices in Brazil; **(ii)** geopolitical uncertainty as stated; and **(iii)** volatile risk appetite are compressing buyer appetite and widening valuation gaps, with execution depending heavily on factors outside company's control.

Leverage: the market's focal point. Net Debt/LTM EBITDA reached **3.5x in 4Q25** (+0.2x vs. Est.; +0.3x q/q), above the company's own **~3x target** for 2025, raising legitimate questions around credibility in meeting forward guidance and making successful execution of the asset disposal plan, in our view, **a necessity rather than an option.**

Looking into **1Q26E**, we think that are two factors that should drive a modest q/q reduction in leverage: **(i)** USD/BRL EoP downtrend to R\$5.18 (-6% q/q) reducing the BRL value of USD-denominated debt (R\$57.2bn of total debt in 4Q25) and a **+US\$240mn** (R\$1.2bn) **prepayment received from CMIN** that directly reduces gross debt. **Vitol** signed a **6Mt** contract last year that included prepayment that should enter as a **deferred revenue** in balance sheet of CSN Holding. These are welcome tailwinds, but insufficient in isolation to structurally shift the leverage trajectory — which remains contingent, in our view, on the cement transaction closing within the targeted timeframe.

Another thing we need to discuss is the **bridge loan** that the company took, collateralized with the cement assets, as a **precautionary measure** after **credit markets** began **pricing in liquidity risk**. While the company **pushed back** on the **notion of a genuine liquidity crisis**, the structure itself creates strong incentives for rapid repayment: the rate steps up over time, additional collateral is triggered if the asset sale is delayed, and the company is obligated to **repay 80% of proceeds**, with strong economic incentives to repay in full. In conversations we had with the company, they stated that the **target is to retire the loan by end-2026 or early 2027** through cement sale proceeds.

The stressed scenario yet to clarify. We believe the core tension in the CSN equity story **has not changed**. It is still a leveraged holding immersed in a challenging domestic steel environment, with a deleveraging trajectory that remains contingent on the cement divestment closing. What has changed is the **macro backdrop**, which has turned meaningfully more hostile: the **Iran conflict** has simultaneously **(i)** lifted oil prices, **(ii)** added inflationary pressure, and **(iii)** pushed Brazil's forward interest rate curve higher, where the market raised inflation projection for the 8th time and sees IPCA at 4.89% 26E, a difficult scenario for a highly leveraged name, where a persistently elevated SELIC directly compresses equity value.

The shares have fallen **-31% YTD**, a move we read as primarily macro and sentiment-driven **rather than a fundamental deterioration**, but one that reflects how **little tolerance the market currently has for leverage uncertainty** in this environment. On the **operational** frontage, the near-term picture is challenging but not without a forward-looking read. The surge in **front-loaded imports** (+30% q/q) ahead of anti-dumping implementation has **stuffed the distribution chain with inventory**, compressing real demand for domestic producers through 1H26E.

A short-term headwind that, paradoxically, should reinforce the case for meaningful trade defense measures (expected to Dec Est.). As those measures take hold and **excess inventories normalize through 2H26E**, conditions should become **progressively more favorable** for domestic producers to recapture market share.

Nevertheless, **cement divestment remains the centerpiece of the thesis** and, increasingly, a necessity. With **leverage at 3.5x in 4Q25** and the bridge loan structure creating strong economic incentives for repayment by end-2026 or early 2027, execution risk is real and the current macro backdrop, with compressed buyer appetite and wider valuation gaps, is not making it easier. As the stressed scenario has yet to clarify, we maintain our **12M Target Price at R\$9.00**, keeping our rating **UNDER REVIEW**.

Appendix: CMIN

Figure 1. CMIN – Income Statement (Genial Est. 2026-2029)

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 Margin (%)	12.9%	14.3%	13.2%	12.9%

Figure 2. CMIN – Cash Flow (Genial Est. 2026-2029)

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. 2026-2029)

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. 2026-2029)

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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