

CSN & CMIN

1Q26 Review: One asset sale away...

LatAm Metals & Mining

Main takeaways for CMIN:

(i) Shipments reached **9.6Mt** (-2.7% vs. Est.), declining -19.6% q/q but flat y/y, with TECAR posting a new 1Q record (+1.4% y/y); **(ii) Realized price** was **US\$62.6/t** (flat vs. Est.), down -1.5% q/q but up +3.5% y/y, in line with our prediction; **(iii) C1/t** reached **US\$23.1/t** (+8.5% vs. Est.), down -1.3% q/q but up +10.0% y/y, above our estimate, reflecting the unfavorable USD/BRL FX effect and higher seaborne freight costs; **(iv) Adjusted EBITDA** reached **R\$1.4bn** (-0.7% vs. Est.), declining -19.4% q/q and -0.5% y/y, with margin at **38.3%** (+1.8p.p. vs. Est.; +2.6p.p. q/q; +1.8p.p. y/y); **(v) Net Income** totaled **R\$222mn** (-57.1% vs. Est.), declining -81.4% q/q, with the miss driven by a worse-than-expected financial result of -R\$626mn (+70.7% worse vs. Est.), reflecting unfavorable mark-to-market on USD-denominated instruments as the USD/BRL EoP rate dropped to R\$5.18 (-6% q/q); **(vi)** Given the persistence of elevated macro volatility, we continue to place our **rating** in **UNDER REVIEW** on a temporary basis, pending greater clarity on the stressed scenario, maintaining our **12M Target Price** at **R\$6.00**.

Main takeaways for CSN:

(i) Steel: Shipments totaled **1,116Kt** (+14% vs. Est.), rising +12.2% q/q and -2.5% y/y, driven by an exceptionally strong March (~49% of quarterly sales); **realized price** stood at **R\$5,018/t** (-2% vs. Est.), down -4.6% q/q and -6.0% y/y; **COGS/t** reached **R\$4,700/t** (-1.2% vs. Est.), rising +3.7% q/q, first sequential increase in 12M, but declining -5.1% y/y; **(ii) Cement: Shipments** of **3.1Mt** (-3.1% vs. Est.), down -1.2% q/q and -4.4% y/y; **realized price** at **R\$410/t** (+2.3% vs. Est.), up +19.2% y/y, driving an all-time **EBITDA** record (+8.5% vs. Est.; +62.7% y/y) with margin at **31.2%**; **(iii) Consolidated Net Revenue** of **R\$10.6bn** (+4.5% vs. Est.), down -7.0% q/q and -2.8% y/y; **(iv) Adjusted EBITDA** of **R\$2.6bn** (+1.2% vs. Est.), down -20.4% q/q but up +5.5% y/y, with margin at **25.0%** (-4.2p.p. q/q; +2.0p.p. y/y); **(v) Net Loss** of **-R\$555mn** (23.0% worse vs. Est.), improving 23.0% q/q and 24.1% y/y, with the miss driven by a weaker-than-expected **EBIT** of **R\$294mn** (-72.0% vs. Est.) on residual BF2 inventory effects; **(vi) FCF** of **-R\$1.0bn** (+21% worse vs. Est.), deteriorating sharply q/q and y/y, pressured by WC consumption of -R\$1.3bn, CAPEX of R\$1.1bn and elevated financial expenses of -R\$1.2bn; **(vii) Leverage** at **3.3x** (-0.1x q/q), with Net Debt of R\$40.5bn (-2% q/q), declining modestly on USD/BRL FX softening, with the asset sale plan announced on 15/Jan remaining fully on track; **(viii)** As the stressed scenario has yet to clarify, we are keeping our **rating** at **UNDER REVIEW**, maintaining our **12M Target Price** at **R\$9.00**.

Analysts

Igor Guedes

+55 (11) 3206-8286
igor.guedes@genial.com.br

Luca Vello

+55 (11) 3206-1457
luca.vello@genial.com.br

Companies

CSNA3 BZ Equity Under Review

Price: R\$ 6.37 (13-May-2026)

Target Price 12M: R\$ 9.00

CMIN3 BZ Equity Under Review

Price: R\$ 4.82 (13-May-2026)

Target Price 12M: R\$ 6.00

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

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Sales)	1Q26	1Q26E	% Diff.	4Q25	% q/q	1Q25	% y/y
Steel	1,116	979	14.0%	995	12.2%	1,144	-2.5%
Iron Ore	9,636	9,905	-2.7%	11,981	-19.6%	9,640	0.0%
Cement	3,064	3,163	-3.1%	3,101	-1.2%	3,204	-4.4%

Source: CSN & CMIN, Genial Investimentos

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

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	1Q26	1Q26E	% Diff.	4Q25	% q/q	1Q25	% y/y
Net Revenue	3,704	3,913	-5.3%	4,929	-24.9%	3,911	-5.3%
Adjusted EBITDA	1,420	1,430	-0.7%	1,761	-19.4%	1,427	-0.5%
Net Income	222	518	-57.1%	1,194	-81.4%	(357)	-

Source: CMIN, Genial Investimentos

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

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	1Q26	1Q26E	% Diff.	4Q25	% q/q	1Q25	% y/y
Net Revenue	10,604	10,151	4.5%	11,403	-7.0%	10,908	-2.8%
Adjusted EBITDA	2,646	2,616	1.2%	3,325	-20.4%	2,509	5.5%
Net Income	(555)	(285)	94.8%	(721)	-23.0%	(732)	-24.1%

Source: CSN, Genial Investimentos

CSN and CMIN released their **1Q26** results yesterday, **May. 13**, after the market closed. Consolidated **Adj. EBITDA** reached **R\$2.6bn** (+1.2% vs. Est.; -20.4% q/q; +5.5% y/y), advancing mid-single digits on an annual basis despite a seasonally challenging quarter marked by heavier-than-normal rainfall in MG affecting mainly the mining business (CMIN). In terms of **leverage**, the **Net Debt/EBITDA** ratio reached **3.3x** (+0.1p.p. vs. Est.), decreasing **-0.1x q/q**, linked to the USD/BRL EoP FX rate softening reducing the face value of USD-denominated debt.

We highlight as a **positive points** the performance of the **Cement** division, which posted an all-time quarterly EBITDA record (R\$392mn; +8.5% vs. Est.; +62.7% y/y), surpassing the ~30% margin threshold for the first time, and by **Logistics** (R\$448mn; +2% vs. Est.; +26.1% y/y), given the integral consolidation of Grupo Tora. On the downside, we noticed slightly **weaker performance** in **Mining** (R\$1.4bn; -2.2% vs. Est.; -1.9% y/y), with the weather-driven shipments shortfall (9.6Mt; -2.7% vs. Est.), added to a higher C1/t, clocked in at US\$23.1/t (+8.5% vs. Est.; +10.0% y/y) flowing directly into EBITDA. Meanwhile, the **steel** division's EBITDA stood at **R\$393mn** (+0.8% vs. Est.; -18.9% y/y), in line with expectations, despite the y/y decrease given the lower price (-2% vs. Est.) and sales volume, reported at 1,116Kt (+14% vs. Est.; -2.5% y/y), based primarily on a softer COGS/t (-1.2% vs. Est.).

Looking at the consolidated figures, **total Adj. EBITDA** reached **R\$2.6bn** (+1.2% vs. Est.; -20.4% q/q; +5.5% y/y), lifting mid-single digit y/y, but on the q/q comparison, the contraction was driven almost entirely by **(i)** the mining negative seasonality and **(ii)** the steel one-off normalization from 4Q25.

1Q26 Review: In detail!

CMIN

Shipments affected by rainfall; Prices down a bit. CMIN reported Net Revenue at R\$3.7bn (-5.3% vs. Est.), declining -24.9% q/q and -5.3% y/y, with the sequential contraction driven almost entirely by the typical 1Q seasonality amplified by heavier-than-normal rainfall in Minas Gerais (MG). Despite the weather pressure, own production grew (+6.4% y/y), reinforcing what we view as a genuinely strong operational outcome in a seasonally challenging context. The reduction in total production to 10.1Mt (-2.9% vs. Est.; -14.9% q/q; -1.5% y/y) was driven primarily by lower third-party purchases, reflecting availability and quality constraints from suppliers during heavy rains, consistent with the narrative we had anticipated in our preview.

Total shipments reached 9.6Mt (-2.7% vs. Est.), declining -19.6% q/q but remaining flat y/y, slightly under our expectations, even with TECAR posting a new 1Q shipment record of 8,724Kt (+1.4% y/y), reinforcing the continued progress in logistics execution and terminal efficiency. Realized price clocked in at US\$62.6/t (flat vs. Est.), down -1.5% q/q but rising +3.5% y/y, landing in line with our prediction, with the modest sequential compression reflecting higher seaborne freight costs on the BCI C3 (Tubarão-Qingdao) route averaging US\$24.8/t in 1Q26 (+4% q/q), partially offset by the maintenance of iron ore benchmark (IODEX Fe61% North China) prices at almost flat levels on y/y basis.

C1/t rises on FX, worse than anticipated. On the cost side, C1/t reached US\$23.1/t (+8.5% vs. Est.), slowing down -1.3% q/q but rising +10.0% y/y, coming in above our estimate, reflecting **(i)** higher production costs on a smaller volume base sequentially and a **(ii)** unfavorable USD/BRL FX rate effect at R\$5.26 (-10% y/y), which inflates the USD-reported C1 figure when the BRL strengthens. In addition, higher seaborne freight costs, with the C3 route averaging US\$24.8/t (+27% y/y) added a meaningful pressure to delivered costs. As a softer counterbalance, we noticed the improvement in own production mix, which helped dilute fixed costs and limited the C1/t overshoot.

EBITDA almost flat y/y; in line with estimates. In result, Adj. EBITDA reached R\$1.4bn (-0.7% vs. Est.), declining -19.4% q/q and -0.5% y/y, landing almost exactly in line with our projection, with margin reaching 38.3% (+1.8p.p. vs. Est.), expanding +2.6p.p. q/q and +1.8p.p. y/y, delivered against a backdrop of **(i)** heavier rainfall, **(ii)** elevated freight and a **(iii)** stronger BRL vs. USD.

We believe this level of performance even in the face of setbacks ended up reflecting the combination of **(iv)** stable benchmark pricing, an **(v)** improved own-production mix, and **(vi)** the continued operational efficiency of the logistics platform. Finally, Net Income totaled R\$222mn (-57.1% vs. Est.), declining -81.4% q/q and posting a loss-to-profit reversal y/y, with the large miss largely driven by a higher than expected net financial result, which came in at -R\$626mn (+70.7% worse vs. Est.; -52.4% y/y), reflecting the unfavorable mark-to-market on the group's USD-denominated instruments as the USD/BRL EoP FX rate dropped sharply during the quarter at R\$5.18 (-6% q/q).

CSN Holding

Steel: Volume beats; Price softer than expected. In the steel division, total shipments reached 1,116Kt (+14% vs. Est.), rising +12.2% q/q and declining -2.5% y/y, coming in well above our estimate, driven almost exclusively by an exceptionally strong March data, which accounted for ~49% of the quarter's total sales, as the first visible effects of anti-dumping measures sparked a sharp recovery in commercial activity. Domestic market (DM) reached 767Kt (+7.4% vs. Est.), up a bit sequentially (+1.3% q/q) but declining -2.8% y/y, still above our projection. Exports (FM) totaled 349Kt (+31.7% vs. Est.), accelerating +46.9% q/q and down -1.7% y/y, reflecting the resumption of direct steel exports and stronger throughput via SWT and Lusosider/Gramperfil. Although the company has reported a volume beat, we opt to interpret carefully. We note that Jan-Feb remained very weak, with elevated import penetration and low commercial dynamism, and March spike likely incorporated some demand pull-forward ahead of further protective measures, with steel trading at lower prices.

Therefore, realized price (DM+FM) clocked in at R\$5,018/t (-2% vs. Est.), declining -4.6% q/q and -6.0% y/y, below our estimate. In the domestic market (DM), price reached R\$4,996/t (-2.8% vs. Est.), almost stable q/q, but declining -6.5% y/y, as the company had to reverse the price increase implemented in Jan (+3%) following a difficult start to the year marked by elevated imports in the first 2M, with concessions granted to defend volumes. In the foreign market (FM), realizations reached R\$5,066/t (flat vs. Est.), contracting -14.9% q/q and -4.9% y/y, negatively impacted by the USD/BRL FX rate downtrend.

Steel: COGS/t up q/q for the first time in 12M. On the cost side, steel COGS/t reached R\$4,700/t (-1.2% vs. Est.), rising +3.7% q/q and declining -5.1% y/y, coming in slightly below what we had modeled, and consistent with the continued optimization of the production process under the single blast furnace strategy at Presidente Vargas (RJ). It seems to us that this strategy has allowed for better input allocation and greater dilution of fixed costs, which has contributed to a reduction in the cost base in recent quarters, leading to a y/y slowdown. Nevertheless, in the sequential movement, we saw costs rise for the first time in 12M, mainly liked to higher energy and fuel costs flowing through the P&L during the quarter.

Looking ahead, we expect a more pronounced coal cost pass-through in 2Q26E as the lag effect fully materializes (up +9% until yearly-Apr). Nevertheless, we emphasize the company's across-the-board price increase implemented in April (+5%) and the increase on coated/galvanized products (+7%) tied to anti-dumping measures should more than offset anticipated cost pressure in the coming quarters.

Cement: Sales softness on rainfall; Price delivers a record. In cement, the company shipped 3.1Mt (-3.1% vs. Est.), declining -1.2% q/q and -4.4% y/y, reflecting the typical seasonal softness associated with the heavier rainfall period and the company's deliberate strategy of prioritizing value over volume in a favorable pricing environment. The realized price reached R\$410/t (+2.3% vs. Est.), rising +1.0% q/q and +19.2% y/y, above estimated, reflecting the sustained improvement in the commercial environment, with pricing gains from recent months continuing to flow through.

As a result, Adj. EBITDA reached R\$392mn (+8.5% vs. Est.), rising +6.7% q/q and +62.7% y/y, the highest quarterly result in the company's history for the cement segment, with margin expanding to 31.2% (+2.7p.p. vs. Est.; +2.0p.p. q/q; +9.4p.p. y/y), surpassing the ~30% threshold for the 1st time and underscoring the momentum building in this division.

EBITDA: Up mid-single digit y/y. Consolidated Adj. EBITDA reached R\$2.6bn (+1.2% vs. Est.), decelerating -20.4% q/q, clearly reflecting the seasonal trends (especially in the mining division), but rising +5.5% y/y, landing marginally above our estimate, with a margin at 25.0% (-4.2p.p. vs. Est.; -4.2p.p. q/q; +2.0p.p. y/y), driven by **(i)** the Cement division setting an all-time quarterly record at R\$392mn (+8.5% vs. Est.; +6.7% q/q; +62.7% y/y) by the combination of strict cost control and the strongest pricing environment in years; and **(ii)** Logistics, that delivered R\$448mn (+1.7% vs. Est.; -11.9% q/q; +26.1% y/y), with the y/y gain reflecting Grupo Tora integral consolidation.

These divisions more than offset **(iii)** Mining, which posted R\$1.4bn (-2.2% vs. Est.; -21.0% q/q; -1.9% y/y), with the weather-driven volume shortfall added to a higher C1/t flowing directly into EBITDA despite the resilient margin performance. Finally, Steel posted R\$393mn (+0.8% vs. Est.; -43.9% q/q; -18.9% y/y), in line with our model, with the q/q decline distorted by the one-off recorded in the normalized 4Q25 base (R\$314mn).

Loss: Improvement vs. prior periods. The bottom line remained in the red, with the company posting a Loss of -R\$555mn (23.0% worse vs. Est.), 23.0% better q/q and 24.1% healthier y/y, larger than our estimate, with the deviation primarily explained by a significantly weaker-than-expected EBIT of R\$294mn (-72.0% vs. Est.; -47.7% q/q; -66.8% y/y), reflecting the still-elevated impact of other operating expenses line (-R\$914mn) tied to residual BF2-related inventory effects and FX/iron ore hedge impacts, though materially less severe than recorded in 4Q25 (-R\$1.5bn).

In the other hand, partially offsetting the operational headwind, net financial result came in at -R\$1.3bn (13.1% better vs. Est.; flat q/q; 29.4% better y/y), healthier than our forecast and showing meaningful y/y improvement, reflecting lower FX volatility impacts on overseas investments against the heavily negative 1Q25 base.

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 supported an **upgrade to our 62% Fe curve** in our preview assumption to **US\$100/t 26E** (vs. US\$95/t previously).

Costs confirmed, macro still dims the view. 1Q26 results reveal a **C1/t** landing at **US\$23.1/t** (+8.5% vs. Est.; +10.0% y/y), above our projection, corroborating the revision we made in the **26E forecast to US\$22.5/t** (+7% vs. our prior Est.; +4% y/y) in the preview report, representing our base case scenario, as we had incorporated our updated 26E USD/BRL FX assumption into the model without any further adjustments at this stage. 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 supported also 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 4.9% 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 **-9% YTD**.

Any credible signals of war de-escalation could catalyze renewed buying interest. Given the persistence of elevated macro volatility, we continue to place our **rating in UNDER REVIEW** on a temporary basis, pending greater clarity on the stressed scenario.

CSN Holding

FCF: Burn deepens, deleveraging advances on FX. The company reported **FCF** burn at **-R\$1.0bn** (+21% worse vs. Est.), deteriorating sharply q/q and y/y, mainly explained by **(i)** a weaker working capital (**WC**) dynamic, with **consumption** reaching **-R\$1.3bn** (+13% worse vs. Est.), against a release in both comparisons periods, reflecting higher accounts receivable tied to the strong Mar commercial activity and lower supplier balances from reduced third-party iron ore purchases in mining; **(ii)** **CAPEX** of **R\$1.1bn** (+11% vs. Est.; -45% q/q; flat y/y), slightly above our estimate despite the typical year-end concentration pattern resulting in a sharp slowdown on a sequential basis; and **(iii)** the **financial expenses** remaining elevated at **-R\$1.2bn** (5% worse vs. Est.; -13% q/q; +3% y/y).

In terms of **leverage**, the **Net Debt/EBITDA** ratio reached **3.3x** (+0.1p.p. vs. Est.), decreasing -0.1x q/q, mainly due to the USD/BRL EoP FX rate softening to R\$5.18 (-6% q/q), reducing the face value of the USD-denominated debt. Even so, Net debt totaled R\$40.5bn (+8% vs. Est.; -2% q/q), reflecting lower cash availability during the quarter amid a **worse than expected FCF burn**. With that said, the company was very clear that the asset sale plan announced on Jan. 15 remains fully on track, with the process attracting more interested parties than originally expected.

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 positioned 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 **3.4x in 1Q26** (+0.1x vs. Est.; -0.1x q/q), again above the company's soft guidance at **~3x**, even with the contribution by the FX macro backdrop, raising legitimate questions around credibility in meeting it forward and making successful execution of the asset disposal plan, in our view, **a necessity rather than an option.**

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.

One asset sale away. What 1Q26 adds is a modest q/q improvement in leverage to **3.3x** Net Debt/EBITDA (-0.1x q/q), though driven almost exclusively by the USD/BRL EoP FX rate softening compressing the face value of USD-denominated debt, **not by organic FCF generation**, with a burning at **-R\$1.0bn** (+21% worse vs. Est.). The macro backdrop remains hostile, with the Iran conflict simultaneously lifting oil prices and pushing Brazil's forward interest rate curve higher, a difficult combination for a **leveraged name.**

On the **operational front**, we believe the near-term picture is still challenging but not without a forward-looking read. Front-loaded imports stuffed the distribution channel ahead of anti-dumping implementation, suppressing domestic pricing through most of 1Q26, paradoxically **reinforcing** the case for **more meaningful trade defense measures**. March already offers an early read of what normalization could look like, with the month accounting for ~49% of quarterly steel sales, and the company's across-the-board price increase in April (+5%) and on coated/galvanized products (+7%) serving as **early evidence of that shift materializing into 2Q26E**.

Cement divestment remains the **centerpiece of the thesis** and, increasingly, a **necessity**. The **US\$1.2bn** bridge loan signed in mid-April against the cement operation as collateral creates a strong economic incentive for execution by end-2026 or early 2027, and **management was clear that the asset sale plan** announced on **15/Jan** remains **fully on track**, attracting more interested parties than originally expected. That said, no binding agreements have yet been disclosed, and execution risk remains real. As the stressed scenario has yet to clarify, we are keeping our **rating** at **UNDER REVIEW**, maintaining our **12M Target Price** at **R\$9.00**.

Appendix: CMIN

Figure 1. CMIN - Income Statement (Genial Est. 2026-29)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	18,741	19,633	19,999	20,491
(-) COGS	(9,958)	(10,910)	(11,671)	(12,375)
Gross Profit	8,783	8,724	8,327	8,115
(-) Expenses	(3,571)	(3,372)	(3,600)	(3,845)
Adjusted EBITDA	6,657	6,936	6,418	6,056
(-) D&A	(1,295)	(1,405)	(1,505)	(1,596)
EBIT	5,212	5,351	4,727	4,270
(+/-) Financial Result	(904)	(725)	(644)	(569)
(-) Taxes	(1,465)	(1,573)	(1,388)	(1,258)
Net Income	2,843	3,053	2,695	2,443
Profitability				
Net Margin (%)	15.2%	15.6%	13.5%	11.9%

Figure 2. CMIN - Cash Flow (Genial Est. 2026-29)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	18,741	19,633	19,999	20,491
(-) COGS	(9,958)	(10,910)	(11,671)	(12,375)
Adjusted EBITDA	6,657	6,936	6,418	6,056
EBIT	5,212	5,351	4,727	4,270
(-) Taxes	(1,465)	(1,573)	(1,388)	(1,258)
(+) D&A	1,295	1,405	1,505	1,596
(+/-) Δ WK	843	883	900	1,025
(-) Capex	(2,422)	(2,300)	(2,200)	(2,100)
FCFF	3,614	3,946	3,729	3,722

Appendix: CSN Holding

Figure 1. CSN – Income Statement (Genial Est. 2026-29)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	43,615	45,671	46,862	47,841
(-) COGS	(32,014)	(33,229)	(33,798)	(34,715)
Gross Profit	11,601	12,442	13,064	13,126
(-) Expenses	(7,153)	(8,062)	(8,400)	(8,768)
Adjusted EBITDA	11,178	11,884	12,516	12,567
(-) D&A	(4,070)	(4,314)	(4,554)	(4,842)
EBIT	4,448	4,380	4,664	4,357
(+/-) Financial Result	(5,744)	(5,315)	(4,939)	(4,569)
(-) Taxes	439	299	85	67
Net Income	(857)	(637)	(189)	(145)
Profitability				
Net Margin (%)	-2.0%	-1.4%	-0.4%	-0.3%

Figure 2. CSN – Cash Flow (Genial Est. 2026-29)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	43,615	45,671	46,862	47,841
(-) COGS	(32,014)	(33,229)	(33,798)	(34,715)
Adjusted EBITDA	11,178	11,884	12,516	12,567
EBIT	4,448	4,380	4,664	4,357
(-) Taxes	(1,512)	(1,489)	(1,586)	(1,481)
(+) D&A	4,070	4,314	4,554	4,842
(+/-) Δ WK	218	228	234	239
(-) Capex	(6,055)	(5,994)	(5,934)	(5,875)
FCFF	3,829	4,628	5,230	5,449

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