Metals & Mining

2Q26 Results: A Strong Quarter, A Structural Toll

Metals & Mining

Q: How did the results compare vs. expectations?

Comfortably above, and for durable reasons. Adjusted EBITDA of R$1.0bn beat us by 24% and consensus by 7%, with margin at 35.5% — reached while absorbing a 15-day maintenance shutdown at both mine and port that the company had not disclosed and that our preview flagged in advance. The composition matters more than the size: we had realised price and cash cost almost exactly right, so the entire beat came from unit cost of goods sold, well below our number. Sales volume was the fourth-highest in the company's history and exceeded output, drawing down inventory and lifting the share of own ore over margin-diluting third-party purchases — a mix effect, not a price effect. Net income fell short of consensus, however, as the financial result stayed heavier than we had assumed. With the shares already up sharply from their June close, we expect a modest positive reaction rather than a re-rating.

Q: What were the most noteworthy areas in the results?

(+) The cost line is the quarter's real news, and the mechanism repeats even if the magnitude cannot: leaning on own ore over margin-diluting third-party purchases took unit COGS down sharply even as volume rose, but the inventory draw that funded it does not recur, and the volume still owed on guidance comes largely from the third-party ore that reverses the benefit. The arithmetic is worth stating: the company sold 11,849 Kt against 10,880 Kt of production plus purchases, so close to a million tonnes came out of stock, while unit cost of goods sold fell to R$178/t from the R$207/t we carried. Neither leg is a price effect, which is why we read the beat as composition rather than as evidence that the margin has reset. **(=)** Freight behaved exactly as we projected, with the reference route averaging US$34.0/t and touching roughly US$38/t at the end of May — we called the level right in the preview and the margin compression followed mechanically from it. **(-)** The framing we used was wrong, and the correction matters more than the beat. We described the toll as exogenous and transitory. It is exogenous, but not transitory: the peer that sets the reference price carries about three quarters of its freight on long-term charter and under a tenth on spot, while this company is the most spot-exposed name in the sector and publishes the index for that reason. That is a permanent margin beta, not a one-quarter accident, and it belongs in the multiple.

Q: Has the outlook ahead changed?

Yes, and guidance is now the pressure point. Cash cost of US$24.0/t printed above the top of the company's own full-year range, leaving the first half already through the ceiling on a volume-weighted basis; holding the year requires the second half at or below US$23.4/t. Volume pulls the other way: first-half output plus purchases leaves roughly 24-26mt still to deliver, or twelve to thirteen million tonnes per quarter, a level the company has never exceeded. The two tests fight each other, because the extra volume needed to reach the range comes largely from third-party ore, which is precisely what inflates unit cost. On price, the reference index has fallen to its lowest of the year, but the largest producer puts roughly 120mt of world supply below cash cost at that level, which supports a floor. If the coal-driven squeeze on Chinese steel margins persists rather than unwinding, that floor argument weakens and the reference price, not the toll, becomes the binding constraint. Capital allocation also shifted: the buyback consumed nearly its full first authorisation before being doubled, and alongside prepayment amortisation took leverage to 0.23x.

Q: Valuation and recommendation

We resume coverage at HOLD with a 12-month target price of R$5.50, cut from the R$6.00 reference carried under review. Reducing a target the day after a 24% EBITDA beat needs justifying, and the reframing is the justification: the mix lever behind the beat is real but runs against the volume the company still owes on guidance, while the freight exposure that compressed the margin is structural rather than cyclical, and cash cost has already printed through the top of the company's own range. The new target sits at the median of the marks refreshed since July, so our differentiation moves from the number to the reasoning. At the current price the shares trade near 6.2x our 2026 EBITDA against the 5.9x our target implies — which is to say the market has correctly capitalised the toll as permanent and has, if anything, slightly overpaid for the balance sheet. Inverting the exercise, today's price embeds a mid-cycle margin close to what this quarter delivered under an unusually heavy toll; we no longer regard that as a conservative assumption.

The toll is exogenous but not transitory, and that is the correction: HOLD, target price R$5.50, with second-half cash cost at or below US$23.4/t while sustaining twelve million tonnes a quarter as the single test that decides whether the guidance, and the cost story behind it, survives.

ANALYSTS

Luca Vello
+55 (11) 3206-1457
luca.vello@genial.com.vc

COMPANY

CMIN3 BZ Equity
HOLD
Price: R$5.79 (Aug 12, 2026)
12M Target Price: R$5.50 (from R$6.00)

MARKET DATA	
Market cap	R$31.5bn
Free float	30.3%
ADTV (3m)	R$46mn
52-wk range	4.08–6.56
Net debt (2Q26)	R$1.4bn
Net debt/EBITDA	0.23x (2Q26)

MULTIPLES	
EV/EBITDA 26E	6.2x
EV/EBITDA 27E	6.1x
Div. yield 26E	3.7%
Net debt/EBITDA 26E	0.3x

PERFORMANCE	
Year to date (YTD)	6%
12 months (LTM)	15%

2Q26 REPORTED	
Net revenue	R$2.9bn
Adjusted EBITDA	R$1.0bn
Adj. EBITDA margin	35.5%
Total sales	11,849 Kt

1. Financial scorecard — 2Q26 reported vs. Genial Est., R$ mn

CSN Mineração (R$ mn)	Reported vs. Est.			q/q change		y/y change	
2Q26 financial scorecard	2Q26	2Q26E	Δ vs. Est.	1Q26	q/q	2Q25	y/y
Net revenue	**2,868**	**2,907**	**(1.4%)**	**3,165**	**(9.4%)**	**3,406**	**(15.8%)**
COGS	(2,106)	(2,360)	(10.8%)	(2,035)	3.5%	(2,378)	(11.4%)
Gross profit	**762**	**547**	**39.3%**	**1,131**	**(32.6%)**	**1,028**	**(25.9%)**
Gross margin	*26.6%*	*18.8%*	*7.8 pp*	*35.7%*	*(9.1 pp)*	*30.2%*	*(3.6 pp)*
SG&A	(102)	(59)	73.6%	(67)	51.5%	(76)	33.8%
Adjusted EBITDA	**1,018**	**821**	**24.0%**	**1,420**	**(28.3%)**	**1,268**	**(19.7%)**
Adj. EBITDA margin	*35.5%*	*28.2%*	*7.3 pp*	*44.9%*	*(9.4 pp)*	*37.2%*	*(1.7 pp)*
Equity income	83	40	106.0%	(3)	—	74	12.1%
Financial result	(491)	(206)	138.3%	(626)	(21.6%)	(750)	(34.5%)
Net income	**219**	**142**	**54.3%**	**222**	**(1.2%)**	**116**	**89.5%**
Cash and capital structure							
CAPEX	(687)	(584)	17.5%	(431)	59.4%	(500)	37.4%
Adjusted FCF	**1,100**	**208**	**429.4%**	**(520)**	**—**	**767**	**43.4%**
Net debt	1,400	—	—	683	105.0%	(5,100)	—
Net debt/EBITDA	*0.23x*	*—*	*—*	*0.11x*	*0.12x*	*-0.90x*	*—*

2. Operational scorecard — volume, price and cost, 2Q26

Volume, price and cost	Reported vs. Est.			q/q change		y/y change	
2Q26 operational scorecard	2Q26	2Q26E	Δ vs. Est.	1Q26	q/q	2Q25	y/y
Production + purchases	**10,880**	**11,327**	**(3.9%)**	**10,058**	**8.2%**	**11,591**	**(6.1%)**
Total sales	**11,849**	**11,400**	**3.9%**	**9,636**	**23.0%**	**11,832**	**0.1%**
Realised FOB price (US$/t)	49.09	50.50	(2.8%)	62.60	(21.6%)	51.90	(5.4%)
C1 cash cost (US$/t)	24.00	23.90	0.4%	23.10	3.9%	20.80	15.4%
COGS/t (US$/t)	35.20	41.00	(14.1%)	40.20	(12.4%)	35.50	(0.8%)
C3 freight Tubarão–Qingdao (US$/t)	33.98	33.80	0.5%	24.83	36.9%	20.85	63.0%
IODEX Fe (US$/dmt; 61% from 1Q26, 62% before)	105.29	105.00	0.3%	104.00	1.2%	97.76	7.7%

3. Reported vs. Bloomberg consensus — 2Q26, R$ mn

CSN Mineração	2Q26		
Reported vs.	Reported	Consensus	Δ
Net revenue (adj. vs. gross)	2,868	3,414	—
Adjusted EBITDA	**1,018**	**950**	**7.2%**
Adj. EBITDA margin	*35.5%*	—	—
EBIT	660	606	8.8%
Net income	219	259	(15.3%)

4. Annual projections — Genial Est. vs. Bloomberg consensus, R$ mn

CSN Mineração	Genial Est.			
Annual projections	2026E	2027E	2028E	2029E
Net revenue	16,000	15,700	16,200	16,700
Adjusted EBITDA	**5,300**	**5,400**	**5,800**	**6,200**
Net income	1,800	2,000	2,200	2,400
BLOOMBERG CONSENSUS				
Net revenue	15,449	15,724	16,221	21,845
Adjusted EBITDA	**5,240**	**5,350**	**5,851**	**8,546**
Net income	1,879	1,835	1,850	3,174

Disclosure Section

1. GENERAL DISCLAIMER

This report has been produced by the research department ("Genial Institutional Research") of Genial Institutional Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("GENIAL INSTITUTIONAL CCTVM"). Genial Institutional is a brand name of Genial Investimentos CCTVM.

Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
Neutral	Expected return between +10% and -10% relative to the Company's industry average	**41%**
Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither GENIAL INSTITUTIONAL CCTVM nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report

GENIAL INSTITUTIONAL CCTVM may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of GENIAL INSTITUTIONAL CCTVM.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by GENIAL INSTITUTIONAL CCTVM with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

The locally listed shares of Brazilian companies may only be purchased by investors outside of Brazil who are "eligible investors" within the meaning of applicable laws and regulations.

2. ANALYST(S) DISCLOSURES AND CERTIFICATION

The principal analyst, LUCA VELLO, is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

The analysts hereby certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers and it was prepared in an independent manner, including with respect to the person and to GENIAL INSTITUTIONAL.

The analyst hereby certifies that he (she) has no connection with any individual who works for the issuer(s) discussed in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, either directly or indirectly, in his or her own name or on behalf of a third party, does not hold any of the securities covered in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, is not directly or indirectly involved in the purchase, disposal or brokering of the securities covered in this report.

The analyst hereby certifies that he (she), or the his (her) spouse or companion, has no direct or indirect financial interest in the issuer covered in this report (other than trading shares in investment funds, in which the analyst cannot control, directly or indirectly, the administration or management of the fund, or which do not concentrate investments in sectors or companies that are covered by reports produced by the analyst).

The analyst's compensation is, directly or indirectly, determined by income from GENIAL INSTITUTIONAL´s business and financial operations.

In addition, the analysts certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The compensation of the analyst who prepared this report is determined by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of GENIAL INSTITUTIONAL CCTVM, its affiliates and/or subsidiaries as a whole, of which investment banking, sales and trading are a part. Compensation paid to analysts is the sole responsibility of GENIAL INSTITUTIONAL CCTVM.

The analyst hereby certifies that he (she), or his (her) spouse or companion, does not serve as an officer, director, or advisory board member of the subject company.

The principal analyst is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

3. ADDITIONAL DISCLOSURE

(i) This document was prepared by GENIAL INSTITUTIONAL Research and is hereby supplied for the sole purpose of providing information about companies and their securities.

(ii) The information contained herein is provided for informational purposes only and does not constitute an offer to buy or sell, and should not be construed as a solicitation to acquire, any securities in any jurisdiction. The opinions expressed herein regarding the purchase, sale or holding of securities, or with respect to the weighting of such securities in a real or hypothetical portfolio, are based on careful analysis by the analysts who prepared this report and should not be construed by current or future investors as recommendations for any particular investment decision or action. The investor's final decision should be made considering all of the risks and fees involved. This report is based on information obtained from primary or secondary public sources, or directly from companies, and is combined with estimates and calculations prepared by GENIAL INSTITUTIONAL CCTVM. This report does not purport to be a complete statement of all material facts related to any company, industry, security or market strategy mentioned. The information has been obtained from sources believed to be reliable, but GENIAL INSTITUTIONAL CCTVM does not make any express or implied representation or warranty as to the completeness, reliability or accuracy of such information. The information, opinions, estimates and projections contained in this document are based on current data and are subject to change. Prices and availability of financial instruments are indicative only and subject to change without notice. GENIAL INSTITUTIONAL CCTVM is under no obligation to update or revise this document or to advise of any changes in such data.

(iii) The securities discussed in this report, as well as the opinions and recommendations contained herein, may not be appropriate for every type of investor. This report does not take into account the investments objectives, financial situation or particular needs of any particular investor. Investors who wish to buy, sell or invest in securities that are covered in this report should seek independent financial advice that takes individual characteristics and needs into consideration, before making any investment decision with respect to the securities in question. Each investor should make independent investment decisions after carefully analyzing the risks, fees and commissions involved. If a financial instrument is denominated in a currency other than an investor's currency, changes in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and the reader of this report assumes all foreign exchange risks. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment. Past performance does not necessarily indicate future results, and no representation or warranty, express or implied, is made herein regarding future performance. Therefore, GENIAL INSTITUTIONAL CCTVM, its affiliated companies, and the analysts involved in this report take no responsibility for any direct, indirect or consequential loss resulting from the use of the information contained in this report, and anyone using this report undertakes to irrevocably indemnify GENIAL INSTITUTIONAL CCTVM and its affiliates from any claims and demands.

(iv) Prices in this report are believed to be reliable as of the date on which this report was issued and are derived from one or more of the following: (i) sources as expressly specified alongside the relevant data; (ii) the quoted price on the main regulated market for the security in question; (iii) other public sources believed to be reliable; or (iv) GENIAL INSTITUTIONAL CCTVM's proprietary data or data available to GENIAL INSTITUTIONAL CCTVM.

(v) No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this report.

(vi) GENIAL INSTITUTIONAL CCTVM makes no representations herein that investors will obtain profits. GENIAL INSTITUTIONAL CCTVM will not share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. GENIAL INSTITUTIONAL CCTVM accepts no fiduciary duties on behalf of recipients of this report and in communicating this report is not acting in a fiduciary capacity. This report is not to be relied upon in substitution for the exercise of recipient's independent judgment. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which the report was issued and are therefore subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GENIAL INSTITUTIONAL CCTVM as a result of using different assumptions and criteria. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment.

(vii) Because the personal views of analysts may differ from one another, GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. Any such opinions, estimates, and projections must not be construed as a representation that the matters referred to therein will occur. Prices and availability of financial instruments are indicative only and subject to change without notice. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly.

(viii) This document may not be: (a) photocopied or duplicated in any manner, in whole or in part, and/or (b) distributed without GENIAL INSTITUTIONAL CCTVM's prior written consent. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

(ix) Neither GENIAL INSTITUTIONAL CCTVM nor any of its affiliates, nor any of their respective directors, employees or agents, accepts any liability for any loss or damage arising out of the use of all or any part of this report.

(x) GENIAL INSTITUTIONAL CCTVM (or its affiliates, officers, directors or employees) may, to the extent permitted by law, have acted upon or used the information herein contained before the publication of this report and may have a position in securities issued by the companies mentioned herein and may make a market or act as a principal in any transactions in any such securities. Genial Institutional may from time to time perform investment banking or other services to, or solicit investment banking or other business from, the companies mentioned herein.

4. IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Genial Institutional CCTVM, a company authorized to engage in securities activities in Brazil. Genial Institutional CCTVM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and is not being provided pursuant to a soft-dollar arrangement.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Auerbach Grayson & Company LLC ("AGCO"), a registered broker dealer in the United States with an office at 20 West 55th Street New York, NY 10019, (212) 453-3523 . Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Genial Institutional CCTVM.

If the report is to be distributed to anyone other than Major U.S. Institutional Investors in the United States. AGCO accepts responsibility for the contents of this report as provided for in relevant SEC releases and SEC staff no-action letters.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person at Auerbach Grayson & Company LLC ("AGCO") and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

The disclosures contained in research reports produced by GENIAL INSTITUTIONAL CCTVM and distributed by Auerbach Grayson & Company LLC ("AGCO") in the U.S. shall be governed by and construed in accordance with U.S. law. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. Additional information relative to the financial instruments discussed in this report is available upon request.

UK Disclaimer:

(i) This document is STRICTLY CONFIDENTIAL to the recipient, may not be distributed to the press or other media and may not be reproduced in any form. this document is directed only at persons who are “INVESTMENT PROFESSIONALS” falling within article 19(5) of the FSMA 2000 (FINANCIAL PROMOTION) ORDER 2005, or HIGH NET WORTH BODIES falling within ARTICLE 49(2) of that order (together THE “RELEVANT PERSONS”). This document must not be acted on or relied on by persons who are not RELEVANT PERSONS.

(ii) The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.