

SID Earnings Call Transcript

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Operator: "

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Operator: [Interpreted] Good morning, and thank you for waiting. Welcome to CSN's conference call to present the results for the third quarter of 2025. Today with us are the company's executive officers. We would like to inform you that this event is being recorded. [Operator Instructions] Today's event is also available on CSN's Investor Relations website at ri.csn.com.br, where the presentation can be found. A replay of this call will be available shortly after its conclusion. Before moving on, we would like to clarify that any forward-looking statements made during this conference call are based on the beliefs and assumptions of CSN's management and on information currently available to the company. Such statements involve risks, uncertainties and assumptions as they relate to future events and depend on circumstances that may or may not occur. Actual events may differ due to factors such as general economic conditions in Brazil and other countries, interest and exchange rate levels, future renegotiations or prepayment of obligations of foreign currency-denominated credits, tariffs in the U.S., Brazil and other countries, changes in laws and regulations and general competitive factors on a global, regional or national level. Now we'll turn the floor to Mr. Marco Rabello, Chief Financial Officer and Investor Relations Officer, who will present CSN's operational and financial highlights for the period. Mr. Rabello, you may go on.

Antonio Marco Rabello: [Interpreted] Good morning, everyone. Thanks for joining us at another conference call of CSN. Today, we are here to talk about the performance of the third quarter '25, a very special quarter, where we can see a better performance of the company in the whole of the year with historical operational records being hit, showing the CSN's continued strong in terms of efficiency, operational efficiency, but as committed to operational financial strictness and reaching results. In a movement that had credit as the main topic, the company continued with a diversified operation able to extract results from different sectors of the economy, ensuring resilience and showing the strength of the group. As we see in the highlights of Slide #2, CSN was able to expand sales volume in all its segments of operation, and it had an accurate strategy commercially in the period and strong cost controls that drove results in this quarter. Therefore, CSN reached growth of 26% in EBITDA with BRL 3.3 billion and EBITDA margin of 27%, a quarter-on-quarter growth of 330 bps points. That was also the third consecutive quarter where the company showed a drop in its leverage ratio, reaching 3.1x in the period compared to the 3.5x in the end of last year. That shows the financial discipline and the group's strong capital structure. Going to mining, another period of historical record, showing that the company is extracting more efficiency in logistics and its production capacity. That was the first time in

history that CSN was able to ship more than 12 million tons with sales volume 5% above that of the previous quarter. In a quarter, we had growth showing the improvements in efficiency. In terms of costs and expenses, performance was equally positive with dilution of fixed costs and a better freight strategy, optimizing the operations results. We control things, everything is running as smooth as possible. But it's also true in the site that we don't control, price dynamics. The third quarter had an increase in iron ore prices, which led us to a growth of 57% in EBITDA in the quarter with more than BRL 1.9 billion generated and gross margin of 44%. And still, we had a change in commercial strategy that led to an expansion in 4.4% of sales in the period. We've been very accurate in our commercial strategy and the market is very much pressured by the coming of imported material and the disputes in the local market. Last quarter, CSN stood out as the only company that was able to show growth of freight and EBITDA in a very adverse scenario. This strategy has a temporary effect, and therefore, we redirected routes to increase our sales channels. Therefore, the expansion of volume in still pressured market with record penetration of imported materials show the group's commercial strength and that steel consumption is still resilient in the country. The best highlight in the period with regards to steel comes from costs. We had the lowest cost of steel production in the last 4 years, showing that the company is extracting better results in its industrial strategy, operating at full capacity, and optimizing its inputs. It's still early to say that the worst has passed, but it's the first time in a long while that we are seeing a better prospect for the steel industry as a whole. We are seeing a recovery of prices exported from China, then a lower import in the Brazilian spot market, and the first antidumping measure approved most recently. That favors the price dynamics for the future, enabling the necessary margin recovery for local producers. In the cement market, the quarter was also of historical results. The market has been very resilient, especially considering the high interest rates of the country. You can see that cement consumption grew this year, and the company was able to capture the favorable dynamics with a very right commercial strategy. And this quarter is a growth in sales and price increase. With that, we had the second largest sales volume in CSN's history with more than 3.6 million tons sold and an operation increasingly efficient in terms of cost. These are the competitive advantages of the business, combining verticalization, fantastic mineral reserves, logistic network, low energy consumption and a good portfolio of products. All this performance led to the highest EBITDA in cement in CSN's history. BRL 388 million this quarter, with EBITDA margin of 29%, way above the average of the sector. Finally, but not less important, we have the bottom part of the slide, another record reached in the quarter in the Logistics segment that showed an important driver for the group. This quarter, we had the highest volume of freight and cargo on our highway network -- railway network with record EBITDA of BRL 550 million and an EBITDA margin above the 35%. That shows that this will unlock the value of assets with a new vehicle that concentrates the strategy for infrastructure, monetizing part of this amount. On the right, we have the segment of energy that continues to benefit from the favorable market. This year, we had a low energy availability to be traded, but still the segment generated BRL 54 million EBITDA with a margin of 35%. In short, we can see on the slide all the operational excellence experience with record production sales in mining, lower production costs in steel, and the best EBITDA in history in both cement and logistics. So stronger operation positioning CSN at a different level in terms of management and efficiency. Going on to the next slide. Here, we show our EBITDA and EBITDA margin for the third quarter '25. Here, we can see the best result for the year with BRL 3.3 billion in EBITDA with a margin of almost 27%. On the right, it shows the contribution of mining this quarter with stronger volumes and better prices. In addition, we can see the contributions that were important in cement and logistics. So it's important to have a diverse operation that can show more resilience and also offset some one-time pressures in some markets. On the next slide, we show our activities in terms of investments. Here, we can see growth of 7.8% compared to the previous quarter, reflecting our efforts to maintain a high level of execution in our operations and operational records observed in the period, particularly the projects for the modernization of the company and better efficiency in our projects such as the P15 project. Going to the next slide, Slide #5. Here, we show our net working capital. So here, we can see an increase of 13% this quarter compared to the previous quarter, reflecting more accuracy commercially speaking, in the period with an impact in accounts receivable. In addition to a reduction in the supplier line, due to the settlement of the forfeiting operations. On the next slide, we show our adjusted cash flow that was negative at BRL 815 million in

third quarter '25, which was better than the BRL 1.4 billion negative of the previous period, but still a result that reflects the negative effect of financial expenses due to high interest rates and investment activities, and consumption of working capital. On the next slide, we show our net debt and leverage, and also the behavior of our net debt along the quarter. As we can see on the left, the main message here is a reduction of leverage in the period with 10 basis points negative, going from 3.4% in the previous quarter to the 3.1x that we have this quarter, showing that the company has been able to align cash efficiency to record results, maximizing sales volumes, controlling costs, and increasing efficiency. In addition, it's important to show the efforts that management has been engaging to reduce indebtedness with leverage descending quarter-on-quarter towards the guidance that we provided at the end of last year for this year, even with all the adverse scenario in terms of interest rate, financial expenses, and exchange rate fluctuation. Also important to highlight is that deleveraging is organic without considering capital recycling projects that we are going to have for the future and that have the potential to reduce our leverage even faster. On the right, we see that net debt was impacted this quarter by negative cash flow, as I mentioned before, and the impact of the dividend payout. Going to the next slide, Slide #8, we show our indebtedness profile. So we can see that we continue at a very comfortable position vis-a-vis our short- and midterm obligations with BRL 18.8 billion, an amount practically stable compared to the previous quarter and efficiency to cover our debt in the next 3 years. In addition, we continue to have active management to elongate amortization flows, working with the local capital market. In the quarter, the company had new funding and renegotiated bilateral contracts, extending amortization flows until 2030. With that, we conclude our consolidated results, and we are going to move on now to Slide #10. Here, we show the highlights for the steel segment. On the first slide, we have the results of our commercial activity. So you see an increase of 4.4% in sales in the quarter, showing the change in the commercial strategy for the period, with the company implementing a more competitive attitude to return to competitive levels. The strategy that we had before a prioritized results and not volumes generated expected results, but it has a limited effect. So now it's important to resume volumes that shows that the market continues resilient and with a good level of steel consumption and especially in the domestic market. However, the market continues with high competition and a record of penetration of imported material. So how difficult it is to compete without the protection? As for the foreign market, we see a recovery of sales in the period, but still below historical results, given the difficulties to export in the context of tariff disputes and application of antidumping measures. On the next slide, when we talk about steel production, we show that the drop quarter-on-quarter and year-on-year is a consequence of the shutdown for the maintenance of blast furnace 2. It has not really hurt the performance of the company, quite the opposite. If you go to the right of the slide, you see that the production costs decreased this quarter, reaching the lowest level of the 4 years, which reflects an increased efficiency in the production process, better optimization of raw materials, and better combustion process. Performance per ton had a drop this quarter, basically because of the lower prices in the period, which offset the production dynamic of costs and volumes. When you look at the annual comparison, we see solid growth of 22% in performance per ton. Now we are going to go to financial performance of Steel works on Slide 12, and we can see the impact of the price reduction had on revenues for the period. Even with the drop in prices below average price, it is hard to compete in a very hostile environment with record penetration of imported materials with prices that are subsidized and get to the Brazilian market. That shows the importance of having protective measures to have a better economy for local producers. But in addition to a pressure in prices, all the indicators controlled by the company are getting better. CSN are having better efficiency in the production process, an operation that is increasing efficiency and that shows operational improvements when we compare to the results of 2024. In this context, important to mention all the adverse scenario, CSN is delivering EBITDA better than '24 and still is an important driver for growth this year. Now going to mining. On Slide 14, we show production and sales this quarter. So here, we can see 2 extraordinary results. The first is record production, the highest volume ever in the history of the company, which shows operational efficiency that the company is reaching in recent months, both in mines but also in the logistics chain as a whole. Then we have record sales with the highest volume in history and the first time that the company exceeded 12 million tons in a single quarter, which highlights the significant efficiency in production with the company with a tear of 4 million tons shipped in a single month for the

first time. As for financial performance on Slide 15, we can see that the growth in net revenue is a result of the combination of record volumes in shipments, better realized prices in line with the favorable demand trends seen in the quarter, in addition to the positive effect of the future quotation periods. In EBITDA, we have an even stronger performance with 57% increase in the period, profitability gains of 7.8 percentage points. This increase in profitability shows resumption of iron ore prices above \$100 per ton and operating performance in the company, and effective cost management. On the next slide, we have the bridge reconciling the EBITDA this quarter compared to the previous quarter. The main factors that contributed to the strong evolution of results were better iron ore prices and future quotation periods that more than offset the increase in freight costs and third-party purchases. Now we are going to talk about cement on Slide 18. Here, we have an analysis of sales volume. Once again, the sector continues very dynamic, even with all the effects of interest rates with the Minha Casa Minha Vida program, the high level of employment in the real estate segment, driving cement consumption. So we have been able to use the whole logistics network to capture new markets with growth of 5% on sales, showing this trend. The 3.6 million tons sold this quarter was the second result ever in the company, but now with a price dynamics that is more favorable, reinforcing the sustainability of our performance. On the next slide, we have the financial performance. We see an important increase quarter-on-quarter in terms of revenue and EBITDA. And the result was driven by competitive advantages in operations, an accurate commercial strategy, and a favorable demand in the cement sector. With that, we had the highest EBITDA in history, EBITDA margin going back to the level of 30%, which is significantly above the average in the sector. That shows that no matter how hard the scenario is in terms of competition or interest rates, CSN continues to show favorable results and robust profitability. Finally, the Logistics segment and another record in terms of performance in revenue and EBITDA. with a growing dynamic of cargo handling and efficiency, with the highest EBITDA ever recorded by CSM with a total of BRL 500 million and margin above 45%. The performance shows that the segment is reaching a higher level of efficiency in cargo handling and shipment showing the potential of the operation. With that, I close the presentation of the segments, and I'm going to ask Helena to talk about our ESG highlights. ESG highlights, I'm sorry.

Helena Guerra: [Interpreted] Hello, everyone. Before going to details this quarter, I would like to highlight the performance of our ESG agenda connected to sustainable value to our company. In this quarter, we advanced consistently in 3 pillars that are part of our strategy and that are connected to financial performance and risk reduction, governance, social and [indiscernible]. In safety, we continue our stability in terms of number of accidents, very close to '24, 30% below '21, 33% decrease in the number of high-potential severe incidents that has been our focus for '25, reaching the best results in our historical spirit. Safety advances were our strategy, focusing on our greatest value and reduction to risks, operational, legal, it avoids costs related to interruptions and et cetera. So the result shows an important advancement in the company and how we are best in terms of leadership. In environmental, we had the report that talks about our agenda targets and et cetera. At CSN, we had the plan of climate adaptation to improve the resilience of our assets, decrease physical risks related to climate and reduce emissions of greenhouse gases in the main segments of operation, driven by projects related to operational efficiency, energy efficiency, clean energy and better processes. And that has direct impact on mitigating climate transition risks, reduces our future exposure to regulatory costs, and also strengthens our competitiveness and extends access to capital connected to ESG, and shows that decarbonization is a strategy for the company and for the future. And in diversity and inclusion, we continue to have a more inclusive environment with more representativity with an 80% increase of female representation at the group. Diversity is a clear mechanism to reduce risks. We know that diverse teams have better results and strengthen the company in terms of productivity and long-term results. As a result of all these KPIs and others, we once again, we were recognized as a benchmark by important ESG agencies in the world with better credibility, transparency, and consistency in our trajectory. We were considered one of the best companies in terms of the score in ESG and a silver medal in EcoVadis. That shows to the market that we are building a robust company with real impact and reducing risks. And that is not separate from the business. It is part of our strategy, part of risk management. So what we are bringing shows that we are having less operational risks, less financial risk, and it generates value to our -- all our stakeholders, including our shareholders. Thank you very

much. Now we are going to hear our CEO, Benjamin Steinbruch.

Benjamin Steinbruch: [Interpreted] Good afternoon, everyone. Thanks for joining our conference call. As it was mentioned by Marcos before and by Elena, we had a quarter that we can call exceptional in terms of operational activity. We were able in all our sectors to record improvements and best production levels ever, also cost reductions. I think that we are working the right way. We are working hard to try and maximize our production with good results. That is seeking the optimal production level for each one of our sectors so that we can, regardless of better productivity and costs, also have the right price for each one of our activities. Starting with mining, we had excellent news in terms of production, shipment with record in 3 corridors price stabilities in iron ore, which gave us the EBITDA margin of 1.9%, which we consider excellent comparing to past forecast. In sales, we were able to lower costs, working at an optimal level in terms of results. And we continue to work very hard to reduce costs, which is something that is in our control using what is best and also using our working capital as well as possible, always having an eye on prices. In terms of production, had a higher percentage and, as a consequence, a drop in prices due to the mix, but still margins were kept at very good levels. And as you all know, we have this very aggressive uncontrolled competition of product -- imported products, which makes it very difficult for us to mirror what is going on in the world in terms of protective measures against imported goods and incentives to domestic production. In Brazil, we are a bit behind all this despite the efforts of the government, the Ministry of Commerce, and others, but we have to have a more active position with regards to the disorganized coming of imported products that really affect Brazilian products. We are almost prevented from exporting to other countries. And in addition to not exporting, we have imported products coming in strongly in the country. So we believe the Brazilian government has to act on that because we have to do what others are doing in the world and really copy some of the protectionist measures that we have abroad. We have to protect our industry. In cement, we had very good results, BRL 368 million, BRL 378 million. The activity is strong, civil construction for the lower income population, also higher income, with strong demand and the sector amongst all the sectors is really heated in terms of demand. So more and more, we expect improvements in the cement sector. And logistics in terms of volumes transported, verticalization that we have also showed a very good performance. So operationally speaking, I would say that certainly, we are on the right path. We are doing what we have to do. Everyone engaged to reduce costs, working capital, improving prices, diversifying the market, doing whatever possible to work with better margins that will help us in the near future to deleverage the company together with other actions that we are paying attention to and discussing. So I would say that the quarter was better than expected. We are improving quarter-on-quarter. And I hope that this will go on. And we are doing whatever we can, whatever is possible, and almost whatever is impossible from the market's perspective to be able to reflect better performance into numbers that meet our priorities. that is to decrease the company's leverage levels. This is what I had to tell you. Once again, I would like to thank you all, and I'm going to turn the call back to Marco.

Antonio Marco Rabello: [Interpreted] Thanks, Benjamin. We are going to start the Q&A; session. We have all the company officers, our CEO, and we are here to take your questions.

Operator: [Interpreted] [Operator Instructions] Our first question comes from Gabriel Barra from Citi.

Gabriel Coelho Barra: [Interpreted] Perhaps the first point specifically when talking about leverage. Gjamin did mention some of this with regards to costs and how we can make this leverage go down. I think this is an important point for the company. But I would like to perhaps take a new perspective. This is something that I mentioned in the last call, which is divestment. Perhaps you could talk a bit about that. You have a very rich portfolio today, and you can deleverage very fast with your assets. What would be the priorities of the company today? What would be the steps in this strategy of perhaps shuffling portfolio? I would like to understand your mindset on that, considering the different businesses of the company, mining, cement, logistics. So if you could share your view on that, it would really help us on that. Another thing is that we've seen the gains in volume, but margins were not as good this quarter. So I would like to hear from you the idea of value over volume, the commercial strategy of the company, particularly in steel, and also an outlook of your strategy for the fourth quarter that seems to be tougher in terms of margins. So what should we expect for the fourth quarter and next year? These are my points.

Antonio Marco Rabello: [Interpreted] Gabriel, thanks for your question, for attending the call. I'm going to answer the first part of your question, and then I'm going to turn to Martinez. Leverage. I think it's important to remind you that we are into a deleveraging process along the year. We went from 3.5x to 3.1x. Our guidance was 3 until the end of the year. So we are following this target of the company's guidance. Nothing extraordinary on the company's EBITDA or cash helped us come here, just organic operational results of the company. So that alone show how the company is focused on deleveraging the company. For -- from now on, and we did mention that before and even in the presentation today, -- in addition to the continuous improvement of our operational results that we really believe we're going to continue improving in all segments. Cement and still are going to continue operational results. Mining is going to continue at a very high level of performance. And we also have strategic projects, the most important of which being the CSN infrastructure project. The group today has 7 assets in infrastructure and logistics that will migrate to this new company. We are very much advanced in this operation. And this operation alone will bring in terms of additional liquidity to the group. The company is listed, we cannot give you the hard numbers, but we are going to have some important BRL billion to deleverage the company is still in '26. And talking about that, the project is well advanced. In the next few weeks, we are going to give new announcements of the process, formal announcements for you to have a better knowledge of where we are at, and also the timeline that we have for the CSN infrastructure for the year of 2026. Obviously, the company has a very important number of assets energy participation, we already talked about that before. It is a subject that is on the table, but we have to have a proposal to make it effective. Discussions in energy continue to advance. It may come to reality, but it depends on negotiations moving on. And these are the central priority projects that we have in terms of recycling capital. Of course, as you mentioned, and I think that this is one of the strengths of the group, the group has values in its assets in mining in steel in Brazil and abroad, the value of CSN cement, which is a delevered company, and it is the best platform for the growth of cement in Brazil, CSN infrastructure. So assets that are very valuable. And if the company decides to divest, it will certainly be a high priority in the market, even if it's a minority sale. Even then, the focus of the company and what has been approved so far is CSN infrastructure that will bring an important amount to reduce leverage and energy that we are still discussion and at some point in time can become more mature. I'm going to turn to Martinez to answer your second question.

Luis Martinez: [Interpreted] Thanks for your question. Going back to strategy in the second quarter, we are very much focused on value. We had a portfolio that was more adjusted. We still had the possibility of exporting to the U.S. in coated materials. And because of an operational issue, we could maximize results. Obviously, in the third quarter, and that is a curiosity. We generally read in analyst reports that import penetration is between 15% to 30%, which is out of the ordinary anywhere in the world. It's a very high number. But when you stop and observe CSN's portfolio, and this is very important. You see in metal sheets, 45% of the market today is imported. In zinc, 40%valum, 55% prepainted 63%. So you see the situation that we had in the third quarter, a huge volume of imports. CSN is known as the coated materials, and we had to compete. It could not just feed the market to imported materials. So what we did was to have a more of a fighting strategy to recover markets that we needed in coated materials, and that was the strategy adopted. In terms of results, I think that this is a winning strategy because in the first quarter, we had 8% margin. In the second quarter, we were the only company that increased price in the Brazilian market, getting to 11%. And in the third quarter, we grew sales, which was our objective. We could no longer export. We had to direct 25,000 tons of coated material to the domestic market, which was good. I think it was the right move with the possibility of correcting our portfolio for the coming months. Another important matter, Rafael, Gabriel, sorry, is the matter of demand in Brazil. This is very important. This year, Brazil should hit a historical record of apparent consumption. The market could be showing a drop, and this is not happening. We have robust demand. What happens is that domestic sales in '25 should get to BRL 12 million against BRL 13,400 in 2023. So the room that we have to occupy the import space is very important. In the third quarter, we implemented something very important. We had price readjustments in distribution, civil construction, and in some segments of the industry. In October, I could say that almost 5% of our prices were adjusted, considering the whole revenues for October, which is very important data. Another data we

have been working on is antidumping measures. And here, we do thank the government in terms of direction is taken, but the intensity is still very low. The government should have been a lot more emphatic on antidumping. CSN had a definite right of imports for metal sheets. And what's working now is that we are working on metal sheets as if it were a jurisprudence for the other materials. So what we think that's going to happen now different than what many people are saying, all in verifications of plants have been performed for all products with the exception of hot laminate. The technical note is practically completed in all markets as well. And we are very much sure that in the meeting of the G7 on November 27, we should be able to succeed on the antidumping of galvanized and prepainted products, which will give us more comfort in terms of competitiveness. For the next quarter, Jin did talk about costs. We lowered costs for amounts close to BRL 300. Our emphasis in costs continues very strong. And I think that we are going to levels in the amount of BRL 3,000 per ton, obviously, optimizing production. So in blast furnace 3 -- we are working with less pellets, less coke, and maximizing the purchase of plates in a market that we have very favorable prices. So in terms of costs, we are at a very good trend. Prices were captured in October. We no longer have exports. The production has to come to the domestic market in products. And our belief is that the dumping, although slow, the dumping antidumping measures will implement partially in November, another in December, and perhaps the last products, which is less pragmatic in February. With this scenario for the fourth quarter, I believe that we are going to go back to double digits in terms of margin. So this is more of an overall scenario. And if you want, we can talk a bit more about other markets and also cement.

Operator: [Interpreted] Our next question comes from Rafael Barcellos from Bradesco BBI.

Rafael Barcellos: My first question is the company has showing cash burn in recent quarters. Can you talk a bit about what would be the normalized number for the company? And what initiatives can be taken to reverse the scenario? You talked about interest rates, financial expenses a bit higher. What kind of initiative can you have to reverse this position in the short term? And second question, I would like to go back to what Martinez mentioned. Talking a bit more about cement and other markets. So a follow-up. You mentioned that on November 27, you're going to have the G7 meeting, and we can have a favorable decision for galvanized. So is that correct? And if you have any information of cold and hot laminates, when the date would be? And Martinez, if you could talk about the markets. We are seeing the market some attempt of improving prices in plain sheets. Could you talk about the market appetite in terms of prices?

Benjamin Steinbruch: [Interpreted] Rafael, thanks for your question. I think that first, when you talk about cash burn, -- the company was able to show in recent quarters a reduction in cash burn, as you mentioned, from BRL 4 billion to 800 million in this last quarter. There is a series of initiatives in line for us to have a positive cash, which is what is expected. The new is better operational results as we are showing quarter after quarter, improving our operational results is the most sustainable way of turning negative cash to positive cash. This quarter, we delivered a better cash position and the pillars to improve results for the coming quarters in all segments are given. We talked about the cost control in mining, cement, and now in steel, where we reached the lowest cost of steel production of the last 4 years, and that remains for the future in our main core segments. We talked about price recoveries in cement and also signs of better prices in steel as well. And in mining, we continue going well in terms of profitability, generation of EBITDA, and we are going to carry on like this. So the part of operational results that will contribute to cash burn is happening and will continue for future periods, obviously, considering the seasonality issues that we have in some parts of the year. financial expenses, I did mention that, and you mentioned that too. We already saw this quarter a reduction of financial expenses compared to previous quarters. Here, you have a focus of the company in managing debt that are a bit more burdensome in our indebtedness profile. We are making investments -- a part of the investments that we have in our cash burn, have efficient credit lines. And we are also settling some funds that are a bit more expensive for the company, which has an impact on financial expenses, and that will happen on a reduction of cash burn compared to previous quarters. And investments, which is also an important lever in '26, you're talking about the CapEx that is very close or the same -- sorry, the CapEx of '25 is very close to the CapEx we had in '24. Still with the same CapEx, we had a huge development of P15, and in the company's structuring process, notably that led to better steel prices. So we are focusing on investments in projects that have better profitability for the group. And we are

having actual results in our numbers based on the strategy. So organically, we are improving our cash position for the coming quarters. In addition to that, I did talk about the CSN infra project together with other projects that the company can engage in the future will help the company deleverage faster than just based on operational results. And that will certainly have a direct impact in the volume of financial expenses and interest rates paid by the company. So we are very confident for the next quarters to be able to reverse this position. The better operational results that we are showing alone without strategic movements should already bring enough credit for the company for everyone to understand that this is going to happen in the short period of time. Martinez can you answer the second question?

Luis Martinez: [Interpreted] Another data they would talk about antidumping measures, very interesting. Only 45% of the volume exported in China has positive margin, 7% to 8%. So imagine the problem that we have with the closing of Europe. We became the yard of the road for Chinese material to come in. So just for you to have an idea, Asian markets that were relatively control, you get enough China is sending 4 million; Korea, 3 million, and Brazil, 2 million. So the a of products continue. So we do have to take some measures. Another important point that is very positive is that the industry as a whole woke up to understand that still import is just one problem. You get machinery, equipment, cars, consumer goods. What's happening is not steel that is coming at 30%. You have an import of machinery getting to 30% to 35%. So dumping starts to be a more structural problem as it has always been. But now with the reinforcement of value chains, we are probably going to have a better condition for the government to be a bit faster in the process. As for process, I'm absolutely convinced that we will certainly have repainted and Galvalum approved because we have all data, the technical is approved. Everything is working, all the verifications. And along the pipeline, hot laminates is going to be the last one because the process started in June '25 and the forecast is more to the middle of the year. In the other products, up to January '25, we can have this implemented. It's important to highlight that the government can optimize time, shorten time. In metal sheets, we had a very bad experience. We started in March '24, and we only had the process approved in August '25. I believe that the government has overcome now, and that's a lesson learned for us to use the metal sheet as a jurisdiction and approve to other materials. So I'm very much confident in terms of dumping. And we are not learning out of love. We are learning out of pain. And this is for the whole of the industry. There's no other way. As for markets, I'll say that again. Although we have lots of imports, we also have a very high demand for you to replace part of what was imported, or better yet. If we had used the criteria that the United States have imports of 2021 multiplied by 0.7 and not 1.3, we would have a penetration that would be quite decent, being able to compete, assuring the government that there was competition with no problems. But import is still something that is going to consume us for some time because new players are coming to the market. Just for you to have an idea, we have another antidumping measures in metal sheet against Germany, Japan, and Netherlands. And today, probably in terms of circumvention, we also have materials from India coming to Brazil. So this scenario is becoming more complex, more difficult to be faced if we are not faster in our moves. As for markets, what I can say is the following. The market as a whole has very interesting signs. The agribusiness, and here I'm talking about farming equipment, silos, road equipment has suffered a bit, but we have signs of recovery. Of course, it's connected to interest rates, financing could be stronger, but this is not a market in which we see very strong drop. OEMs, although there is an import of vehicles, the market continues strong. We are selling a lot to the sector. And part of the volume that I lost to the U.S., I'm selling domestically instead of exporting, which is reasonable in terms of margin. Other markets are stable, like electronic appliances, packaging with a slight increase. And as the mix, this is going to improve. Overall, we believe the penetration rate in the domestic market this year will go down to 24%, 25% after a peak of 28, and we are working precisely on the conversion of what was imported to CSN. Prices, Rafael, as you asked, we implemented in October in our price portfolio an adjustment of 5%. I believe that nothing prevents us from keeping these prices until the end of the year. Obviously, we still have some things to do in the industry and to prepare to negotiate with OEMs in the beginning of next year. Preparation starts at the end of this year. But the scenario is more positive in my opinion, considering that in the case of coated materials, we are going to have antidumping measures, which will give me better conditions to compete in the market. For cement, I would say that this is a dream because cement, we had a recovery in the third quarter to margins of 30%. And I think in the fourth quarter, margins can be

even better because the market should close at BRL 66 million, BRL 67 million a year. The market capacity is with competitive cost of BRL 85 million, BRL 87 million, and we are getting close to years of Olympic Games and the World Cup at BRL 72 per ton. And we did that with a strategy of selling less to more clients, and that has been very successful. We are using our distribution network and logistics with the acquisition of [indiscernible] and our assets in railway. So cement to me is going to show this year and beginning of next year, something that has not been priced yet in civil construction. We have projects as the renovation project from the federal government that can be a catalyzer of growth, Minha Casa Minha Vida that's not new where we have a bit of a sector that is more still I would say, is middle-class properties. And here, this is based on financing. Now the government is increasing financing levels that can improve a lot. And in infrastructure that there is a lot to be done. We always say that, but we do believe that that can be a good lever. Civil construction in a virtuous cycle can carry along all other sectors. So our prospect for the fourth quarter is to continue reducing costs -- we are going to capture prices, imports, and implement antidumping measures. Doing all that and having all actions in place, and still, we are going to go to double digits in 4Q and implement margins above 30%.

Rafael Barcellos: [Interpreted] Just a follow-up, Marco. Thank you for the breakdown in terms of cash generation. Just a small follow-up. In terms of working capital, could you say something in the short term? And Martinez, in your case, you talked about some products and what you expect in terms of antidumping. How about galvanized and cold limited products?

Antonio Marco Rabello: [Interpreted] Well, working capital I don't think we are not going to have major fluctuations. We had an impact because of accounts receivable this quarter because of a higher volume of commercial activity. If you keep the volume of activity in the coming quarters in accounts receivable, you're not going to have another impact. So you're going to keep the same pace. And a good part of the good EBITDA that we had this quarter will turn into cash keeping this same level of operation, accounts receivable, you will not have fluctuation. So there is a line the company is focusing a lot, which is inventories. And here, you might have some benefit in terms of working capital for the future. But we have an important work team to focusing on that. We see some impact in the third quarter, and that's why we have a larger volume of steel sold in this period, but we are doing that with all inventories of the company. Now metal sheet, we have the definitive right to antidumping. And fortunately, in this case, the government took 18 months too much. Prepainted is going to be approved in CMC meeting on November 27, coated end of December or the first meeting of CME in January, cold laminate the same, metal sheets for Japan, Netherlands, and others, April 26, and hot laminate March 26. These are the times we are working with. The government always has a cushion to expand. I am in Brazil today in meetings with and to talk about Brazil antidumping and also sanctions of the United States on Brazil, the tariffs. So I'm very optimistic because I see a new position of the government that can accelerate decisions.

Operator: [Interpreted] Our next question comes from Daniel Sasson from Itaú BBA.

Daniel Sasson: [Interpreted] My first question is to Marco. Marco, could you talk about the level of flexibility that you can see in your CapEx for next year, important projects in expansion in mining. What has been already contracted? And where do you have room to postpone if that's the case, if you are considering that? And along the same line, if you get maturities of bank debt between the end of this year, '26, '27, you have about BRL 14 billion, BRL 15 billion. And have you already started renegotiating or rolling out these debts with banks as usual? And my second question goes back to deleveraging alternatives. Could you be a bit more specific in terms of the CE generation. You have been talking about having a strategic partner to this business, particularly, and also the monetization of infrastructure logistics assets, the pool of operational assets already, but also projects at what stage we are today. That's it.

Antonio Marco Rabello: [Interpreted] Daniel, thanks for your questions. Well, first, CapEx. As we mentioned, the company is managing its CapEx very efficiently. We compare '25 to '25, same level of CapEx, but all levels of segments, bringing more volume, better operations, and reducing costs. So this clearly shows how CapEx is important for the company. As for '26, which is our short-term Obviously, we do have some flexibility on CapEx. This is always true. The priority is P15. We are going to deliver on time as agreed. So that is our top priority in terms of CapEx. And the room that we have in terms of cash generation and others is going to be managed as ideally as possible. We do have the flexibility. It

should be anything extremely material because our main focus is to continue improving the company's operational higher cash generation, more EBITDA, I'm sorry, as we are doing, and we delivered the best EBITDA ever of the year this quarter. So we have to take care in CapEx management because sometimes you remove it from somewhere and you have a drop in EBITDA. So to answer your question, we do have the flexibility, but it's not super material and our priority is P15. In terms of maturities, basically, the maturities for '26 and '27 are bank credits with more of bilateral credits as we did this year. We are already renegotiating some maturities of the first half of '26. So far, negotiations have been very smooth. We are able to roll out maturities for the beginning of '26. We haven't started working with '27 yet. But in '26, we are very comfortable that we are going to be able to roll out the debt of '26. Some of for instance, we have a bond of '26. A small part of the bond for '26 is in the month of April. And we are still analyzing if we are going to use the company's cash to pay it out. We have 2 operations to happen, the one in infrastructure and others, and part of the cash can be used to pay debt along the year of '26. Well, I talked about '26, '27, and in terms of other deleveraging alternatives. C3E, we wanted to close it before -- but last year, we had the floods in May that postponed the discussion. We had to have a new engineering in all assets show to the market with an independent engineering that all assets were in perfect condition for the continuation of the operation to work with the assets that needed it. So we repowered some of the products with higher power, generating more cash and EBITDA for the company. So the process was a bit delayed. In the beginning, we had a new infrastructure debenture at C3E. And that also consumes some months because of the complexity of this kind of structured finance. After everything completed, we are discussing with partners. We are very much focused. We believe we can be successful, but it's hard to say when, if it's going to be the next 4 or 5 months, but the operation itself does not really change the leverage position of the group. But it's important. We are focusing on everything that adds value, and we are pursuing this operation. With CSN infrastructure, we are very careful as a listed company, but we do expect the next few months to have a bit more formal announcement showing the advances that we had in this area. And what we can say is that it's very much connected to the plan for '26. We see a potential closing of this operation by mid next year. This is an operation that has been attracting several investors to the company. We have weekly meetings with stakeholders interested in the transaction, and we are very confident we are going to have a very successful transaction.

Operator: [Interpreted] Our next question comes from Guilherme Nippes from XP.

Guilherme Nippes: [Interpreted] My question has to do with the antidumping measures in steel. We are getting lots of questions. The market seems to be a bit more optimistic because many problems in terms of antidumping are being settled. And we are getting lots of questions about potential effect on prices. So I'd like to ask you this question, if you can help us out a rationale for potential impact because we see antidumping discussions in prevented about 300 laminates about 500. But we understand that because antidumping is against China, we can have part of this product changing routes. We saw that limits to South Korea and a part is going to be absorbed by the local industry. So my question is specifically about this point, and this discussion is how much do you think we could consider in terms of better prices and profitability of the products in the domestic industry? And when should we expect the antidumping on better prices? And with regards to the increases of 5%, what has to do with a better domestic environment, a better domestic market, or if it is related to antidumping.

Benjamin Steinbruch: Martinez, I think the question is yours.

Luis Martinez: Yes. Guilherme. Okay. In terms of antidumping, first, I'm going to say what I always mentioned, which is the issue of premiums. So if you're thinking of BQ, \$470, and you think of our product in the domestic market, which is \$3,600, \$3,700 the premium considering you have the quotas, right? So if it's outside the quota, the premium is already about 2%. And inside the quotas, it is about 10% to 12% that for B. when we go to antidumping measures for coated materials, and those that are affected in the market is, well, we have 50% of the coated market in Brazil. And our products are connected to civil construction with a small percentage to automotive. So whatever happens in antidumping measures, if it's going to take another 2, 3 days is very positive because certainly, it gives us a cushion to adjust prices. The best adjustment, obviously, is to sell even if I sold at the same price, more volume in terms of coated material. This is what we want because today, we have capacities that came from other competitors. So restricting imports is very positive in terms of competition, and it is still

healthy for the Brazilian market. Just for you to have an idea, I don't have the number by heart. But I would say that in the first quarter, imports were close to 1 million tons. In the second, 1.3 million. And in the third quarter, it went down to 970. So this is a clear sign that those that are importing have realized that the market can change. And the government is giving signs of that, the last one to the metal sheet with a definite decision. In terms of models, which I think is what you want, I believe that we could recover 5% to 7.25% in quoted materials still keeping competitiveness in the domestic market. In terms of metal sheets, and we had a huge pressure of the market because we are the only producer, we almost did not adjust prices. This is the fact that I placed in the portfolio 7,000, 8,000 tons a month already leveraged our results. So the main lever is to make import levels a bit more civilized, 10% to 13%. Once again, this scenario is more positive to CSN because it is the pipeline of our products. B is the list of our problems, I would say. But I would say that if the government wants to be fast, it would do it in February and March. And we would have the completion of verifications in local that haven't done yet and the technical note as well, which is based on the regulations of the road trade organization. So this is what we are considering. In terms of volume, we can always think of the fourth quarter, December. We don't see that some industries, for instance, electronic appliances, have a positive sign for the end of the year. We might have a higher capacity of consumers to consume within their wallet share, but the best segment is civil construction. And that shows in our cement results because CSN is almost the one-stop shop of the market in civil construction. We have a scanning that is very complete of the Brazilian market. I don't know if I missed any point, but just let me know.

Operator: [Interpreted] Our next question is in writing by Nicolas from Bal, U.K. He says congratulations on the results. What is the marginal cost of debt for rollovers and on new money in 3Q '25?

Benjamin Steinbruch: [Interpreted] Nicolas, thanks for your question. The cost of the debt for rollovers this quarter was the same as the historical levels in the company. It has not changed our average leverage, which is at 10% of CDI and close or the same as the first and second quarters this year. What we saw and that may raise the curiosity of some investors is a fluctuation of some of our papers in debentures and others, but that is not related to rollovers that we have been executing this period. So the effect on the papers is related to effects related to Brazil, large Brazilian companies, as we have seen in the news, and that brings some loss of confidence on stock of several Brazilian companies, but the cost of rollover has not changed compared to previous quarters.

Operator: [Interpreted] Our next question also in writing comes from Santander. Could you talk about the drivers for 4Q '25, and that leads you to reach the consolidated net leverage target of 3x by the end of the year? Secondly, market concerns continue about the imbalance in the steel business. Leverage indicators are high, and the mining business where most cash is located, consider that a problem for the management of liabilities for the future? And if so, what are the plans to address it? I believe that crystallizing value in the logistics business is a possibility, I suppose. Can you update us on this and other capital structure strategies that are seriously being considered now?

Benjamin Steinbruch: [Interpreted] Thanks for your question. As for the fourth quarter of the year, the main drivers of the good results that we expect for the end of the year are the operational basis that we considered during this call. Mining, steel, and cement are operating at a very efficient level with a high production volume and a strictly controlled cost, which already brings a high expectation for the fourth quarter. And also, Martinez very clearly put it, the prices in the steel segment, we are finally seeing a positive trend in terms of steel prices. and also cement that is recovering now as of the third quarter this year. So all these operational assumptions make us believe that despite the seasonality we have in the fourth quarter this year, that the fourth quarter will continue to be a quarter of excellent performance for the company as we had in the fourth quarter '24. If you remember, 4Q '24 was very good in terms of results, and it didn't have the same foundations that we have today for the year of '25. As for leverage and mining, as you mentioned, continue very good. Leverage is not a problem to mining. It continues with more cash than debt. And in still, which is the holding that in a way, consolidates the company's debt and cash -- the way to rebalance or adjust the capital structure, that perhaps what you're asking is focusing on deleveraging, which is what we have been doing in the last 2 years and most notably in 2025. And in '26, in addition to operational results, some operational results will be geared to deleveraging, but we have some nonorganic operations with CS Infra that will help us to bring the capital structure in still to a better point of balance. And remember, in addition to all these initiatives in

the year of '25, for the first time in many, many years, CSN did not pay dividends in May as usual, and it is not going to pay dividends in November. It's also usual. So this is a show of the commitment of the company and the company's shareholders to deleverage the company. And when you talk about logistics, it is what I mentioned in the previous question. So I think I already detailed what is to come and when the operation is going to happen, which will certainly be a good lever for '26.

Operator: [Interpreted] Our next question in writing comes from Alvaro Rodrigue, he says, you extended amortizations to 2030. What is the weighted average cost of this new debt compared to the previous one? How much incremental interest burden should investors expect and refinancing? What portion of '26, '27 maturities has been already refinanced or prefunded? How much remains exposed to market conditions?

Benjamin Steinbruch: [Interpreted] Alvaro, thanks for your question. Cost of refinancing. I just answered that 1 or 2 questions ago. No changes, the same costs that we had in previous quarters. '27 maturities. In '26, we have an important portion of the first quarter already refinanced. I don't have the numbers, but it's a relevant portion, almost the whole first half of '26 already addressed. '27, not yet. When you talk about how much that remains exposed to market condition in the short term, no exposure because in '26, we have already addressed in different ways, even with the CSN Infra operations that can pay out debt. So the next operation that we still have a discussion in terms of market conditions is the bond for '28 that we are going to need to refinance. And I understand this is very important for you. This is something that we want to start addressing, although maturity is only in 2 years' time, but we want to start addressing as fast as possible to have a window of efficiency until the end of this year or the beginning of next year to start addressing this bond of '28.

Operator: [Interpreted] Our next question comes from Charles Waters from Sunglass Capital. What is the cost of debt rate of the new debt incurred in '25 to refinance maturing debt?

Benjamin Steinbruch: [Interpreted] Charles, thanks for your question. I already answered, I think, that question. But if you have any more questions, just let me know.

Operator: [Interpreted] Next question, Constanta from. This says you mentioned you've been actively refinancing debt and that in the next 2 years, the majority of the refinancing are bank loans. Could you give us some color on what this refinancing has been like so far, covenants, if they are unsecured, do they have the same seniority as the bonds?

Benjamin Steinbruch: [Interpreted] Constanta, thanks for your question. I think that refinancing is something that we already covered. I would just add that the market, in addition to the usual banks that we are still refinancing operations and continuing to lower the company -- lending to the company, we are having other banks that are interested in working with banks we haven't worked with before. So this is not a problem for '25, and it's not a problem for '26. As for the rollover, that is being rolled over with the same conditions before and with the same bond guarantees. So we don't have anything that was rolled for '26 that is senior to company bonds, all have the same level of guarantee.

Operator: [Operator Instructions] There are no further questions. I want to turn the call back to Antonio Marco, CFO and IR Officer, for his final remarks.

Antonio Marco Rabello: Well, thanks, everyone. Thanks of all the members of CSN that contributed to a very special quarter, record results. And also thank you for attending this conference call. We are closing our conference call for the results of the 3Q '25, and we wish you all a very good week.

Operator: [Interpreted] CSN's conference call is now closed. Have a very good day.