MOODY'S
RATINGS

# Rating Action: Moody's Ratings places CSN's ratings on review for downgrade

17 Nov 2025

New York, November 17, 2025 -- Moody's Ratings (Moody's) has today placed Companhia Siderurgica Nacional (CSN)'s Ba3 Corporate Family Rating (CFR), the Ba3 ratings of CSN Resources S.A.'s Backed Senior Unsecured Notes and the Ba3 rating of the Backed Senior Unsecured Notes of CSN Inova Ventures on review for downgrade. Previously the outlook was stable.

RATINGS RATIONALE / FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The review process of CSN's ratings was triggered by the company's persistently weak credit metrics, high debt levels and negative free cash flow, and our expectations that metrics will remain pressured in the next 12-18 months because of high cash outflows absent any major deleveraging initiative. CSN's adjusted EBITDA increased to around BRL9.8 billion in the 12 months that ended in September 2025 from BRL8.6 billion in 2024, while the company's Moody's adjusted leverage decreased to 5.5x from 6.7x during the same period. We expect CSN's adjusted leverage ratio to remain within 5.0x-6.0x over the next 12-18 months based on lower steel and iron ore prices, but to strengthen to 4.0x-5.0x over time based on the price scenario of $80-$100 per ton for iron ore (62% Fe) and normalized profitability on steel operations. However, unless CSN is able to accelerate deleveraging through asset sales, capex reduction or proactive debt reduction, the company's credit metrics and free cash flow generation will be more commensurate with a lower rating category.

The company's liquidity is adequate, but cash burn and upcoming refinancing needs could create refinancing risk in the medium-term. CSN has BRL16.5 billion in consolidated cash, of which BRL13.6 billion is at the mining subsidiary. Most of upcoming refinancing needs relate to bank debt, and the next relevant bond maturity is in 2028. However, with the current cash burn, refinancing risk has increased.

Capital allocation within the group is also a concern. Most of CSN's debt sits at the holding level, while most of cash generation comes from mining subsidiary. CSN needs to address this situation to balance the risk among the group.

The review process will focus on CSN's ability to raise cash and deleverage by reducing total debt in the next few months. The inability to announce transactions such as the sale of assets, or cut capex and dividends to preserve liquidity and reduce leverage would trigger a downgrade of the rating. Conversely, the ratings could be confirmed if CSN is able to pursue initiatives that materially addresses its capital structure, high debt burden and rebalance the capital structure within the group, such that adjusted leverage remains within 4x-5x, interest coverage of at least 1.5x and RCF/Net Debt of at least 15%.

COMPANY PROFILE

With an annual capacity of 5.6 million tons of crude steel, Companhia Siderurgica Nacional (CSN) is a vertically integrated, low-cost producer of flat-rolled steel, including slabs, hot and cold rolled steel, and a wide range of value-added steel products, such as galvanized sheets and tin plates. In addition, the company has downstream operations to produce customized products, pre-painted steel and steel packaging. CSN sells its products to a broad array of sectors and industries, including automotive, capital goods, packaging, construction and home appliances. CSN owns and operates cold rolling and galvanizing facilities in Portugal, along with long steel assets in Germany, through its subsidiary Stahlwerk Thüringen GmbH. The company also has a long steel line (500,000 tons capacity) at the Volta Redonda plant. CSN is a major producer of iron ore (the second-largest exporter in Brazil), with a sales volume of 44.6 million tons in the 12 months that ended September 2025. The company has operations in other segments, such as cement, logistics, port terminals and power generation. CSN reported revenue of BRL 45.4 billion (or around $ 8.5 billion) in the 12 months that ended September 2025, with an adjusted EBITDA margin of 21.5%.

The principal methodology used in these ratings was Steel published in September 2025 and available at https://ratings.moodys.com/rmc-documents/450336. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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