MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades CSN's ratings to Caa1, negative outlook

18 May 2026

New York, May 18, 2026 -- Moody's Ratings (Moody's) has today downgraded Companhia Siderurgica Nacional (CSN)'s Corporate Family Rating (CFR) to Caa1 from B2. At the same time, we downgraded to Caa1 from B2 the ratings of CSN Resources S.A.'s Backed Senior Unsecured Notes and the rating of the Backed Senior Unsecured Notes of CSN Inova Ventures. The outlook for all ratings remains negative.

RATINGS RATIONALE

The downgrade of CSN's ratings to Caa1 reflects our expectations that credit metrics will remain weak and liquidity and distressed exchanges risks are elevated. Despite the raising of a $1.2 billion bridge loan in April 2026, we still look at the company's ongoing cash burn, the uncertain timing of asset sales and the company's high refinancing risks. The company has a highly leveraged capital structure and needs to pursue deleveraging initiatives to reduce debt levels, interest burden and increase free cash flow generation to be able to refinance upcoming debt and bond maturities. However, given the current high yields of its bonds, market access at lower yields may be limited while the company may need to pursue refinancing initiatives that we could interpret as distressed exchanges to avoid refinancing risks until the completion of asset sales.

On 15 January 2026, CSN announced plans to sell a minority stake in its infrastructure assets and a majority stake in its cement assets and raise BRL15-18 billion. The company intends to use the proceeds to reduce total debt at the holding level, which will improve leverage, reduce the interest burden, ease liquidity risks related to upcoming debt maturities and improve capital allocation within the group, balancing debt at the holding and subsidiaries levels. In April 2026, the company raised $1.2 billion in proceeds from a bridge loan to increase its liquidity position until the asset sale is concluded. However, until CSN is able to execute on the plan, credit metrics will remain weak and liquidity risks elevated, particularly during periods of market volatility and increased risk aversion.

CSN's adjusted EBITDA slightly decreased to around BRL8.8 billion in the 12 months that ended in March 2026 from BRL8.9 billion in 2025, while the company's Moody's adjusted leverage decreased to 5.8x from 6.1x during the same period. We expect CSN's adjusted leverage ratio to remain within 5.5x-6.5x 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 (61% 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 risk has increased with continued cash burn and upcoming refinancing needs. CSN had BRL13.4 billion in consolidated cash at the end of March 2026, of which BRL8.8 billion is at the mining subsidiary. In April 2026, the company raised $1.2 billion (BRL 6.2 billion) in proceeds from a bridge loan, which increases available liquidity to BRL18.6 billion. However, the company has BRL28.6 billion in debt maturing until 2028, and we expect free cash flow to remain negative based on the company's current expansion plans and dividends distributions, which creates liquidity risks.

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.

RATING OUTLOOK

The negative outlook reflects our expectations that CSN's credit metrics will remain weak and liquidity risks high until the company is able to pursue deleveraging initiatives.

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

Positive pressure on CSN's rating could emerge if the company is able to improve credit metrics, with leverage below 6x, interest coverage above 1x and adequate liquidity.

The rating could be further downgraded if the company enter transactions that entails losses to creditors higher than those associated with the Caa1 rating category.

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 45.8 million tons in the 12 months that ended March 2026. The company has operations in other segments, such as cement, logistics, port terminals and power generation. CSN reported revenue of BRL 44.5 billion (or around $ 8.6 billion) in the 12 months that ended March 2026, with an adjusted EBITDA margin of 19.8%.

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.

CSN's scorecard-indicated outcome under our Steel rating methodology maps to B1, three notches above the assigned rating, reflecting the company's credit metrics under the current difficult industry environment while the assigned rating captures our expectations that credit metrics will remain weak and liquidity and distressed exchanges risks are elevated. CSN has a poor track record of prudent capital allocation, which increases financial strategy risks. Our 12-18-month forward-looking view maps to B1, reflecting the company's still-strained credit metrics.

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.

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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.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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.

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