

02 FEB 2026

Fitch Downgrades CSN's IDRs to 'BB-'; Places on RWN; Removes from Under Criteria Observation

Fitch Ratings - New York - 02 Feb 2026: Fitch Ratings has downgraded Companhia Siderurgica Nacional's (CSN) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) to 'BB-' from 'BB' and its National Long-Term ratings to 'AA-(bra)' from 'AAA(bra)'. Fitch has also downgraded CSN Inova Ventures' and CSN Recursos S.A.'s senior unsecured notes, guaranteed by CSN, to 'BB-' from 'BB', and CSN Mineracao S.A.'s National Long-Term ratings and senior unsecured notes to 'AA-(bra)' from 'AAA(bra)'. In addition, Fitch has placed all ratings on Rating Watch Negative (RWN) and removed them from Under Criteria Observation.

The downgrade reflects CSN's persistently high total and net leverage, continued negative FCF, and high refinancing risk at the holding level. Fitch now considers total leverage to be one of the key rating triggers for CSN.

The RWN reflects the risk of further negative rating action if measures to reset the capital structure — funded by asset divestments — are not fully executed.

Key Rating Drivers

RWN Reflects Need to Deleverage: Fitch has placed CSN on RWN to reflect the event risk around the company's deleveraging plan. Fitch's current rating case does not assume any cash inflows from asset sales. However, CSN announced its intention to divest assets, and timely sales at favorable valuations could materially reduce leverage. Currently, CSN's leverage profile is consistent with the 'B' category (4.0x total EBITDA leverage midpoint), and its interest coverage is consistent with the 'CCC' category (1.25x EBITDA interest coverage) due to high interest expense.

Fitch expects total and net EBITDA leverage to decline to 5.9x and 4.4x, respectively, in 2025 and 5.7x and 4.6x, respectively, in 2026 from 6.7x and 4.2x, respectively, in 2024. Fitch adjusts its leverage ratio by including customer advances and forfeiting on top of its regular adjustments in EBITDA by adding received/paid dividends from non-controlling interests. Excluding the mining segment, Fitch estimates CSN's ex-mining total and net leverage at 15.5x and 13.7, respectively, in 2025, with total debt around BRL48 billion. Refinancing risks at the holding level are high.

Potential Asset Sales: CSN announced expected sales of a majority stake in cement and a significant minority position in its infrastructure business to raise between BRL15 billion to BRL18 billion, with signing targeted to 2H26. If proposed asset sales are executed, CSN's portfolio would lose business diversification, with mining and steel representing the bulk of EBITDA generation. For 2025, Fitch forecasts that EBITDA contribution will break down in mining (53%), steel (16%), cement (13%), logistics

(16%) and energy (2%).

On a hypothetical asset sale scenario of 60% and 49% in the cement and infrastructure businesses, respectively, CSN could raise around BRL15.6 billion per agency's estimates (CSN's total debt as of Sept. 30 2025, was 27%, per Fitch). On a pro forma basis, CSN's total and net figures would decline to BRL40 billion and BRL14.5 billion, respectively. In December 2025, CSN completed the sale of its shares in MRS Logistica S.A to its mining division, freeing up BRL3.35 billion in cash to the holding level.

Governance Assessment Impact: An effective debt reduction strategy and clearer evidence of shareholders' commitment to a stronger credit profile are key to mitigating the impact from Fitch's updated criteria on governance assessment. The new criteria impose a one-notch discount from the IDR in cases of deficiencies in the assessment of key person risk and high-risk appetite tolerance (ownership and decision-making), complex group structure, and contagion risks. The current assessment of 'Good' acknowledges a higher priority to debt repayments.

Recurring Negative FCF: Fitch expects reduced 2025 capex and shareholder returns will not offset weaker EBITDA, high interest payments and working-capital pressures, keeping FCF negative for next three years. Investments rise in 2026-2027 as mining construction intensifies. Fitch forecasts 2025 EBITDA of BRL10.8 billion, capex of BRL5 billion, and only pass-through mining dividends, resulting in FCF of -BRL0.3 billion. EBITDA is projected to increase to BRL11.1 billion in 2026 as mining expands and steel improves.

Favorable Mining Operations: Fitch expects volume growth, cost reductions, and scale benefits to mitigate price headwinds from slowing Chinese iron ore demand and growing African supply. Following production stabilization in 2025, the Pires and B4 tailings recovery projects are expected to contribute approximately 3.5 million tons, with the Itabirito P15 mine adding over 16 million tons from late 2027.

Challenging Steel Market: Despite resilient domestic demand, tariff and quota measures have been insufficient to stem price pressure, with steel imports rising materially, particularly from China (61% of the total). Import penetration in flat steel reached 24.9% in 9M25 versus 20.8% in 2024. Against this backdrop, CSN's enhanced cost controls lifted EBITDA/ton to USD81 in 9M25 from USD52 in 9M24, and Fitch expects EBITDA/ton to reach approximately USD83 in 2025.

Consolidated Approach: Fitch applies its "Parent and Subsidiary Rating Linkage Criteria" to CSN Cimentos, CSN Mineracao, and their parent, CSN. CSN is stronger than the subsidiaries, and legal incentives for support are assessed as medium: cross-acceleration clauses at CSN Cimentos and CSN Mineracao mitigate the absence of CSN corporate guarantees. Strategic incentives are high, as integration with iron ore and energy bolsters CSN's steel business cost advantage and cement adds cash flow diversification. The businesses are synergistic and fully integrated in management and strategy, with shared reputational risk.

Peer Analysis

CSN's integrated business profile and diversified steel portfolio are comparable to Usinas Siderurgicas de Minas Gerais S.A. (Usiminas) (BB/Stable). Both companies are highly exposed to Brazil's local steel

market. However, both have weaker business positions than Gerdau S.A. (BBB/Stable) which benefits from international diversification, particularly in the U.S., and a flexible mini-mill model that helps mitigate market cycles.

United States Steel Corporation (BBB-/Stable) and Cleveland-Cliffs Inc. (BB-/Stable) are similar to CSN in EBITDA size and blast furnace operations, but they have a broader geographic presence in the U.S., additional electric arc furnace facilities, higher output, and a more value-added product mix. CSN, however, maintains more diversified business lines.

Among Brazilian steel producers, Gerdau has the strongest balance sheet, the most manageable debt schedule, and consistently improves its capital structure. In contrast, CSN's gross debt remains high relative to peers, and its debt amortization schedule is more challenging than those of U.S. Steel, Cleveland-Cliffs, Usiminas or Gerdau.

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

--Business and financial profile factors (assessment, relative importance): Management (bb, Moderate), Sector Characteristics (bbb-, Moderate), Market and Competitive Positioning (bbb-, Moderate), Diversification and Asset Quality (bb+, Lower), Company Operational Characteristics (bbb, Higher), Profitability (bb-, Moderate), Financial Structure (b-, Higher), and Financial Flexibility (b, Moderate).

--The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the forecast year 2024, 20% weight for the forecast year 2025, 40% for the forecast year 2026 and 20% for the forecast year 2027.

--No weakest link considerations result in no adjustment.

--The Governance assessment of 'Good' results in no adjustment.

--The Operating Environment assessment of 'bb+' results in no adjustment.

--The Other Risk Elements assessment results in a +1 adjustment given the potential effects of asset sales in deleveraging and increasing financial flexibility.

--The SCP is 'bb-'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Failure to sell assets and use all proceeds to repay debt;

-- Weakening of liquidity position and financial access;

- Lack of progress on gross debt reduction;
- Sustained adjusted total debt/EBITDA and adjusted net debt/EBITDA ratios consistently above 5.0x and 4.0x, respectively;
- Large debt funded acquisitions;
- Increased pressure from main shareholders on dividend payments;
- Adverse regulatory changes in Brazil's mining industry.

A downgrade of the international rating could lead to a more than one-notch downgrade in the national scale rating.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade will not be considered until there is further clarity on the company's ability to sell assets and deleveraging strategy.

Liquidity and Debt Structure

CSN had BRL52.2 billion (USD9.8 billion) of debt to which Fitch adds customer advances for iron ore and electric energy supply, as well as forfeiting for an adjusted value of total debt of BRL57.3 billion (USD10.8 billion) as of Sept. 30, 2025. Fitch excludes lease-related debt from its adjustments. Capital markets represent 54% of the total, while banks account for 35%, customer advances for 7% and forfeiting for 4%.

Readily available cash and marketable securities reached BRL16.5 billion (USD3.1 billion) as of Sept. 30, 2025. After the cash transfer from CMIN to CSN holding, pro forma holding cash would be BRL6.29 billion.

CSN regularly needs market access to refinance medium-term debt; any liquidity squeeze could pressure ratings. CSN has an annual average of BRL9.0 billion of debt due in 2026-2028. About 79% of these maturities are comprised of bank debt. The largest maturity is expected in 2028 with BRL10.7 billion.

Issuer Profile

CSN is an integrated, high value-added steelmaker with a large market share in the Brazilian flat steels market and a presence in Germany, the U.S. and Portugal. CSN is Brazil's second-largest iron ore exporter.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

Climate Vulnerability Signals

The FY24 revenue-weighted Climate Vulnerability Signal (Climate.VS) for CSN for 2035 is 35 out of 100, suggesting moderate exposure to climate-related risks in that year. For more information on how Fitch perceives climate-related risks in the metals and mining sector, please see our "[Metals & Mining -Long-Term Climate Vulnerability Signals](#)" report.

ESG Considerations

Companhia Siderurgica Nacional (CSN) has an ESG Relevance Score of '4' for Governance Structure due to key person risk and limited board independence through a single powerful shareholder, which has a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Companhia Siderurgica Nacional (CSN)	LT IDR	BB- 	Downgrade	BB 
	LC LT IDR	BB- 	Downgrade	BB 
	Natl LT	AA-(bra) 	Downgrade	AAA(bra) 
• senior unsecured	Natl LT	AA-(bra) 	Downgrade	AAA(bra)
CSN Mineracao S.A.	LC LT IDR	BB- 	Downgrade	
	Natl LT	AA-(bra) 	Downgrade	AAA(bra) 
• senior unsecured	Natl LT	AA-(bra) 	Downgrade	AAA(bra)
CSN Inova Ventures				
• senior unsecured	LT	BB- 	Downgrade	BB

ENTITY/DEBT	RATING	RECOVERY	PRIOR
CSN Resources S.A.			
• senior unsecured ^{LT}	BB- 	Downgrade	BB

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Corporate Rating Criteria \(pub.09 Jan 2026\) \(including rating assumption sensitivity\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub.02 Aug 2024\) \(including rating assumption sensitivity\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(pub.27 Jun 2025\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub.09 Jan 2026\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 [\(1\)](#) [\(2\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Companhia Siderurgica Nacional (CSN)	EU Endorsed, UK Endorsed
CSN Inova Ventures	EU Endorsed, UK Endorsed
CSN Resources S.A.	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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