Q1 2022 Earnings Call

Company Participants

- Benjamin Steinbruch, Chairman of the Board
- Helena Guerra, Sustainability Director
- Luis Fernando Barbosa Martinez, Executive Director
- Marcelo Cunha Ribeiro, Chief Financial Officer and Investor Relations Executive Officer

Other Participants

- Carlos de Alba, Analyst
- Daniel Sasson, Analyst
- Thiago Lofiego, Analyst
- Unidentified Participant

Presentation

Operator

Good morning, ladies and gentlemen and thank you for holding. At this time, we would like to welcome everyone to CSN's Conference Call to present Results for the First Quarter 2022. Today, we have with us the Company's executive officers. We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. Ensuing this, will will go on to the Q&A section, when further instructions will be given. (Operator Instructions)

We have simultaneous webcast that may be accessed through CSN's Investor Relations website at ri.csn.com.br, where the presentation is also available. The replay service will be available for one week. Once again, you can download the presentation at your own convenience.

Simply as a reminder, some of the forward-looking statements made herein are mere expectations or trends and are based on the current assumptions and opinions of the Company management. And they -- they may differ materially from those expressed herein which do not constitute projections. In fact, actual results, performance or events may differ materially from those expressed or implied by forward-looking statements as a result of several factors, general and economic conditions in Brazil and other countries, interest rates and exchange rate levels, future rescheduling or prepayment of debt denominated in foreign currencies, protectionist measures in the US, Brazil and other countries, changes in laws and regulations, and general competitive factors at a global, regional or national basis.

We will now turn the floor over to Mr. Marcelo Cunha Ribeiro, the CFO and Investor Relations Executive Officer, who will present the period highlights. You have the floor, and may proceed.

Marcelo Cunha Ribeiro {BIO 22375061 <GO>}

Hey, good day to all of you. Thank you for participating in the results call. Besides the executives of the Company, we have Mr. Benjamin Steinbruch, the Chairman of the Board, who will also make comments.

We go on to Page 2 of the presentation. Underscoring the strong operating results in the first quarter, especially in the context of a year that has begun full of interference, the year 2021 ended with a drop in prices of iron ore and steel in China and Brazil. We reached BRL4.7 billion in EBITDA, with a strong recovery in productivity, which is something we celebrate in mining. Especially, we had a very strong price realization because of the Platts Index, despite the operating difficulties caused by the rainfalls in the period. Our leverage level remain comfortably below our benchmark 1 times net debt EBITDA ending the year very comfortably. And finally, we would like to highlight another step in our strategy for capital allocation, an investment that had already been communicated as being strategic to the market. Acquisition and the generation of electrical energy once again to have self production and a risk return profile that is extremely interesting in terms of an investment.

On Page 3, we see the sequential evolution of EBITDA that reached BRL4.7 billion, finally returning to the margins of 39% and business-by-business, mining impacted by an excellent price realization increasing results threefold. While still there steel business was impacted by decreasing prices in the period and cement due to the price inflation with a marginal decline, but despite this, was a very robust performance. We reached a growth of 27%, almost BRL8 million compared to the fourth quarter '21.

On the next Page. When we observe the cash generation regarding our CapEx, we began with BRL601 million, a decreased compared to the forth quarter because of a seasonal reason we accelerate during the year, but also in accordance with our guidance, BRL4 billion for the year. And this year in steel, we have a project to recover competitiveness with steel and cokering batteries and we're working with the tailings filtration. Working capital was impacted by an increase in accounts receivable, something that is absolutely normal. As part of a good news, that was an increase of revenues in mining 60%, with prices that practically doubled and cargoes concentrated at the end of the period, which led to a one-time increase of some million Reais. In the first weeks, we had a reversion. Good news therefore, that resulted in this increase of net working capital and that will be transformed in cash in the second quarter.

We go on to Page number 5, where we see this negative figure in terms of cash flow. Once again, this is a very temporary situation. The greatest impact that was working capital will be reverted during the second quarter. Another important impact refers to a positive item which is the payment of income tax and social contribution. In the case of CSN Mineracao, happens with annual adjustments. The Company makes adjustments during the year and in the following quarter, the following year, there is this readjustment and a difference to pay, something that will not be repeated in the coming quarters. And our expectation for the coming quarters is to return to the strong generation observed during 2021.

We move on to the next Page, where we show you the net debt, leverage and liquidity. We're comfortably below the 1 times net debt EBITDA limit. We have BRL1.8 million to BRL18.6 million, once again, thanks to the cash generation, a very timely event. In the coming quarters, we hope to have a positive cash generation and this will lead the net debt EBITDA ratio to even lower levels. We have to use the cash to conclude the buyback programs of Suape and CN, besides, of course the exchange rate variation with an appreciation of Reais that has held back our net debt.

We move on to Page number 7, where you see the debt amortization schedule vis-a-vis our cash. Now please look at the maintenance of the high liquidity levels. Cash remained at BRL13.3 million after more than five years and we would like to reinforce our commitment with the cash always around BRL15 million, and this is how we have worked towards management. This quarter, we issued one more 10-year bond because of the increase in interest rate in the American market. We bought another bond, we purchased another bond and had other operations anticipating the liquidation of Lafarge, BRL1.2 billion, and another issue of debentures, as part of the preparation for the closing of this operation that is foreseen in the coming months. Now in future months, we will continue with those operations of the lengthening of the debt and the limitation of our liabilities, once again, in the American market where we're able to capture better costs. This week, we're ending a loan of $375 million with a Italian Insurance Company, one more reinforcement for liquidity in the Company.

Now to speak about the business, on Page 9, we begin with the steel part. We had a significant recovery in volumes at a time of year which is somewhat atypical. The first quarter tends to be somewhat slower, but despite this, we were able to grow as a reaction to the end of 2021. Because of our supply discipline, we prioritize profitability instead of volume. We have a strategy to speed up sales and now, we're working with the market recovery. With the different performance in the foreign market and exports, where we had a growth and we're having an excellent moment in terms of prices. The European markets have been able to buy in the long-term at competitive prices, avoiding the price inflation with excellent margin and profitability, speeding up our volumes.

In terms of net revenue, as expected and as happened globally, the steel prices marginally had a decline of 4%. This was restricted to the first quarter. Now, we have prices that have increased again because of the geopolitical situation. We did have a profitability of 25.7%, BRL2 billion, which means that we are above 30% with excellent margins abroad. In the second quarter, the expectation is ever more optimistic with the growth of volumes in the domestic and international markets, a price recovery aligned with what has happened globally and because of this, the margins will remain at a high level in the steel sector.

Now regarding the operations in steel. Seasonally, the first quarter is slower in terms of sales. That is why we decided to carry out a scheduled maintenance. We also had the impact of rainfall, not only in mining. In steel, we had some blackouts that had an impact on volume. Now despite this, we were able to maintain the cost, although the slab cost increased because of the inflation of raw material, coal, coke and iron ore. The final cost remained at the same level as that of the fourth quarter. We had good furnace efficiency and we maintain the cost per ton basically stable. And the cost per ton remains at $350, double our historical average. In the second quarter, the expectation is that this unit profitability will continue to grow.

We go on to the mining sector, where we had a quarter strongly impacted by the atypical rainfall, something unheard of in the region. It has never rained that much and the mining had to be closed down for some days, and this of course has an impact not only on production and sales. On the other hand, all of this was offset by an exceptional price realization. Not only did the price of iron ore increased more than 30%, but our cargoes that had been sold previously had a compliment of provision and the realized prices increased 93%. So, we had thrust of more than 60% with an direct impact on EBITDA and margins of 63.3%.

In the next Page, we show you that impact of previous quarters, this had been negative in BRL500 million in the previous quarter. Now this quarter, we had 4.5 million tons still with open pricing and this took us to almost BRL650 million in EBITDA. We should highlight that the positive impact also was due to fleet and the exchange rate. We are exporters, everything denominated in dollars and this has decreased our result somewhat. But we had an EBITDA of almost BRL2500 million. For the second quarter, the expectation is a strong reaction in terms of volumes, high-cost and we should have better results if we can dilute the fixed costs even further.

We speak about cement on Page 15. In the first quarter, once again a different quarter, where works tend to proceed more slowly. We have a decrease in terms of the sequential comparison, but annually we have an increase because of the new plant, the Elizabeth cement plant. We're growing in the market. Now regarding net revenues, we also had a drop because of the drop in volumes, a lower drop because we have been able to transfer the problem to some of the prices only partially. The great impact in the first quarter was the cost inflation of raw material impacting the entire sector. The cost of electrical energy, thermal energy, the price of coke almost doubled and we reached BRL99 million, with a 25.7% margin in terms of EBITDA. Now volumes continue to be very strong and because of this demand, we can continue to transfer these costs to prices. In April, the margins have returned to 32%, to the levels we had last year and this is how we hope to proceed in the next quarters.

I now give the floor to our Sustainability Director, Helena Guerra, to speak about ESG management.

Helena Guerra

A good day to all of you. I would like to highlight our efforts in terms of the climate action. We spoke about CSN Mining previously and how they are cooperating in terms of this climate action agreement. We signed an agreement with SANY and we will be the first mining Company in Brazil to use 100% electric trucks in our fleet. We have 2 units that will be tested the coming month. Now these tests tend to extend for 6 months and they use batteries instead of diesel oil and they will be tested at the mine Casa de Pedra.

Now in steel, the Company has become a key member of the Net Zero Steel Initiative. This platform is a member of Mission Possible Partnership working towards the decarbonization of heavy industries in the world for the next decade. There are several forums, the Economic -- the World Economic Forum and others to support this agenda to reach Net Zero emissions until 2050. And we are seeking for synergy when we participate in this type of platform. Now, this quarter, we concluded our greenhouse gas inventory with Lusosider in Portugal and SWT. The inventory is reaching its conclusion.

To speak about Dam Management, the first quarter once again was impacted by the heavy rainfall in Minas Gerais historical rainfalls. We were able to cross over this period quite comfortably and on March 31st, we carried out an audit and we see that all of the dams are at our zero emergency level, except for the B2A Dam that continues on with the de-characterization efforts that should be concluded in June 2023. Now we have the 14001 Certification for the Volta Redonda plant and this applies to a 100% of our production units. This is a new program and we are -- we celebrated the World Water Day with a very good performance when it comes to the management of residues, something that has improved considerably since the last quarter.

Referring to safety, we had a reduction of 2.6% in the accident rate CAF and SAF compared to 2021 where we had already achieved the best results in the last 7 years. And the fatality rate is quite below what it was in the last quarter of 2021. And in terms of social and diversity agenda, at the end, we have -- had a growth compared to the last quarter of '21. We have 67% of active apprentices that have been hired during this period as well.

Marcelo Cunha Ribeiro {BIO 22375061 <GO>}

Thank you, Helena. Before we go on to questions-and-answers, we would like to give the floor to the Chairman of the Board, Mr. Steinbruch.

Benjamin Steinbruch {BIO 1499059 <GO>}

A good day to all of you. And of course, I would like to address you in terms of the performance of CSS in the first quarter of 2022. We are all aware of the difficulties posed by the first quarter, because of the difficulties that were pending. Now these are new and different difficulties. We have the issue of the war, the issue of China, the increase in the cost of raw material, the cost inflation that we are all facing. All of these are novel issues and we have to take a stance. Here at CSN, we decided to favor margins and prices at all of our units. We were able to transfer the cost increases in raw material in all of the segments in which we are present, and this has become our main line of action.

When it comes to cost, the increase in the price of commodities, the price inflation, these costs have to be transferred so that we can maintain our margins. Now this is what we are doing as far as possible. We're also working towards reducing costs and one of our priorities of course is to curtail costs to improve our working capital and to improve the leverage that we have. And we're working heavily and differently in the commercial part. Ever more, we're going to partner with our customers, so that we can support them in terms of quality, whether it is in the technological field, added value in production, logistics and distribution. We're not going to bypass our customers, we're going to partner with them and work with a different type of marketing.

We're going to come closer to the end consumer in all of our businesses. And we're going to enable our customers in the domestic market to do the same as well and to make the most of the support they receive from CSN. We are now geared towards maximizing technological issues of our customers and to add value to the projects. And to distinguish ourselves in marketing, precisely to avoid having to give discounts by rendering ever more services, along with our customers and the preferential customers. This is what the Company will offer. We're going to work very strongly on this and we do believe we will be successful in terms of this new policy. Well, when it comes to the second quarter, we believe that the price increases will be maintained.

The transfer of cost to prices. Now in April, we had a strong transfer of cost in prices in terms of cement and other units and we're going to continue doing this. In mining, we do offer quality products. We have high inventories because of the policy that we adopted of a full production in all segments. With this, we're going to try to reduce our fixed cost and also have added value in terms of quality. We therefore believe that the figures that have proven to be quite good in terms of prices and margins will be further improved in the second quarter because of the strategy that was put in place since the beginning of the year. We're optimistic in terms of the market. We are allocating an enormous priority to the domestic market. This is where we are focusing. We're doing this in the steel sector. In cement, we have done this with the Elizabeth plant. And with LafargeHolcim, the idea is to do exactly the same, to come closer to the end consumer with a very aggressive and diversified policy in terms of what each customer needs to obtain their targets.

Now, whatever we can do in terms of production, cost and capital structure is being done. We're lengthening our debt profile, ever more reducing the cost of that debt with the issuance of bonds and other titles. We're also working with foreign bonds at a very good price and term. And this is geared towards lengthening and reducing the cost of our debt and of course will enable us to improve our leveraging. I do believe the market will enable us to be specialists, no longer commodity merchants. We have to move away from that basic competition. We have to diversify whatever it is we do and add value and we are getting prepared for this. And we do believe that the second quarter will be much better than the first, considering the high historical cost, our expectation of prices, our commercial policy and because we're working very strongly in terms of reducing our costs.

This is all. We can now go on to the question-and answer-session.

Questions And Answers

Operator

Now, thank you. We will now go on to the question-and-answer session for investors and analysts. (Operator Instructions) Our first question is from Thiago Lofiego from Bradesco BBI.

Q - Thiago Lofiego {BIO 16359318 <GO>}

A good morning and thank you. We have two questions. Martinez, if you could speak about the price dynamic in the domestic market. Do you foresee any pressure to offer discounts or if the prices can continue to be high for some time? And in terms of long steel, if there is a possibility for another price increase, because you do have more quality there?

The second question refers to the steel cost. If you could speak about your cost expectation for the second quarter and especially taking into account the price of coke and coal, simply so that we can better understand this dynamic?

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Can you hear me, Thiago?

Q - Thiago Lofiego {BIO 16359318 <GO>}

Yes, I can hear your Martinez very well.

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Well, regarding your first question, the price dynamic in the domestic market. What is important to underscore here, Thiago, refers to the world situation. And when we speak about the dynamic of the domestic market, the issue of exports is important in the world scenario. Well, today we were reading news on China and there are highly focused on decarbonizing and still is a significant part and parcel of this. Additionally, in China, the removal of all of the VITs, the rebates, the government incentives for the resumption of the economy and for full employability are in place. So the price dynamic in the domestic market will be subject to the issue of exports.

What will happen in the Brazilian scenario in our view at least, this year the market should grow between 2.5% to 4%. CSN has a growth of 10% to 15%. Now, there is the cut of IPI that is favorable. In imports, there was a drop of 26%, last year 18%. This year we're working with a figure of 11%. And on the other hand, there is a good balance, a good layout for exports here. Our units in Europe and the United States, both have good margins, margins that should improve in the second quarter.

Now, if we take into account this scenario, we have a premium in BQ when it comes to the nationalized import good of approximately 24%. Simultaneously, in the sectors that we're more involved in in galvanized material, we're trying to create a strategy that is more similar to the international market, so that we can minimize the entry of imported goods. What comes to Brazil 80% is galvanized. We're trying to maintain this premium somewhat more balanced and we're going to work with material coming from China and other countries.

Regarding the price dynamic which you also asked about, we had a price increase of 12.5% on April 1st, 7.5% increase on April 15th and they have been implemented in distribution, civil construction and in May, part of these will be implemented in the industry at large. The price dynamic has been fully worked out for this quarter.

Q - Thiago Lofiego {BIO 16359318 <GO>}

Are you speaking about flat steel or long steel?

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Flat, flat steel. Now pressure for discounts. We had this at the end of the year, a drop of 4%, but nowadays we no longer have this pressure for discount. What ends up happening, Thiago, is that the market has a very balanced inventory. If you -- Inga has a two month inventory, we have full offer and the lack of stability of the exchange undermines imports. So this helps us to maintain these prices in the domestic market. From the viewpoint of long steel where we have a small share in the market, the situation is opposite. The nationalized imported good is negative in long steel. On May 1st, we began with an increase of approximately 12% in reels and obviously we need to recover that premium during this second semester. Now this is a strategy that we have adopted for flat and long steel.

Q - Thiago Lofiego {BIO 16359318 <GO>}

If you allow me a very quick follow-up on the price of BQ. You mentioned a 24% premium?

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Well Thiago, I am getting with the price of $845 per ton the Chinese price and in the domestic market, the exchange rate stands at BRL5 and the net price of BRL6,700 per ton. This is the base price of BQ and we can still capture a greater price in other products. Now, when I speak about galvanized material, which is the material that is of interest for us, that premium, we try to modulate it so that it will enable us to compete with other partners, with other competitors in the domestic market. Additionally, we want to allow competitiveness for the material that comes from China. We don't want to lose this parcel, which is the one that has the greatest added value. We are at 52% of our output in coated material for example. Now 24% as part of what happened last year and in previous years is not a normal premium, it's somewhat high.

Q - Thiago Lofiego {BIO 16359318 <GO>}

Don't you think that this will eventually translate into imports? Perhaps we will see that people will import more into Brazil.

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

I don't see this happening in the second quarter, perhaps in the third and fourth quarters. In the second quarter, what Benjamin managed and what we perceive is that there is an enormous logistic problem. Several customers that are importers have cargoes that have been waiting in ports for 120 or 150 days in China as well as in Brazil, this works in our favor. Another problem is the exchange volatility. You may buy the products and they may never get here. I think we can maintain that premium. There is no import of BQ or BF. The greatest important is of galvanized material and coated material. And there, we have a somewhat more aggressive strategy, so that we do not lose out to the competition.

Q - Thiago Lofiego {BIO 16359318 <GO>}

Yes. That's very clear. I don't know if you're going to speak about the cost of steel?

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Yes, I could speak about this. Thank you for the question. When it comes to coal and coke, the good news is that we have that policy that covers the entire first semester and we will have the entry of coal with costs below $380 per ton. We're not expecting a negative evolution when it comes to costs. We're expecting an average cost very similar to that of the first quarter, perhaps an increase of 1% or 2%. We're quite comfortable in terms of the price increases announced and we will have a situation and margins more similar to those we had in 2021.

Q - Thiago Lofiego {BIO 16359318 <GO>}

Thank you, Martinez and thank you, Marcelo for the answers.

Operator

The next question. Mr. Carlos Alba, you may proceed.

Q - Carlos de Alba {BIO 15072819 <GO>}

Yes. Thank you very much. Good morning, everyone. Good afternoon for you. And so, a couple of questions on the mining side. One is, could you repeat the amount of volume that was priced on the provisional terms at the end of the first quarter and what was the price for those? As well as remind us, what is the -- looking for, what is the average or the period that you think these volumes will get -- finally be priced in a -- should it be April or May or perhaps the average of the second quarter?

Also on mining, the CapEx that we saw in the first quarter was a little bit below what we were expecting. I wonder if that was just timing of the payments and what do you expect in the coming -- in the coming quarters given the ongoing price that you have?

And then my last question is, if I may, is regarding a very large tax payment. I think it was in CSN Mineracao. Could you elaborate a little bit about what caused this big increase or this big cash tax disbursement? Thank you.

A - Marcelo Cunha Ribeiro {BIO 22375061 <GO>}

Thank you, Carlos for the questions. Now referring to the open cargoes that you can use in modeling, we ended the first quarter with a volume of approximately 4.5 million tons, with Platts very similar to the present-day levels. Now regarding the CapEx, what we do have is seasonality, a normal lag between the approval and the disbursement. It's always normal for the CapEx of the second quarter to be higher than that of the first quarter and we have nothing that will annualize the BRL4 billion, which is what we would like to invest in 2022. We're very aligned with what was planned.

Now regarding the payment of taxes. Yes. As I mentioned formerly, we do have an annual adjustment regime and monthly anticipations. Considering our profitability, these anticipations are never sufficient to pay the full amount which would be 34% in terms of income tax and social contribution, which means we have a significant part that has to be paid at the end of the fourth quarter. This is what happened.

In the case of the CSN, we have something that is relatively new, a higher profitability to such a point that we have cash payments of income tax. Until 2019, we had losses and we did not have to pay taxes. Beginning in 2020 going forward, we paid a great deal of income tax using temporary credits of PIS COFINS, BRL1.6 million that were paid during the period. Quite positive of course from the cash generation viewpoint. Now this credit is depleted and we go back to the normal regime of paying taxes. Now this is a value referring to the first quarter because of the profitability in the year 2021. It should not be reiterated in coming quarters.

Q - Carlos de Alba {BIO 15072819 <GO>}

Thank you. Thank you very much.

Operator

The next question is from Daniel Sasson from Itau BBA.

Q - Daniel Sasson {BIO 19234542 <GO>}

Good afternoon to all of you. Thank you for taking my questions. The first question refers to the cement business. If you could speak about the integration with the Lafarge business as anti-trust agency has approved this business? And speak about the cement environment in Brazil, if you have been able to transfer the significant cost increase that we have observed in the last few months.

The second question refers to a previous point mentioned, the CapEx in mining, you have BRL12 billion in this initial phase of investment until 2026. Now, how will this be spread out during the coming months, from now until the end of the first phase? Thank you very much.

A - Benjamin Steinbruch {BIO 1499059 <GO>}

Thank you for the questions, Daniel. Now regarding LafargeHolcim, simply to remind you how the process operates. We had an approval of the CADE with a recommendation for approval without exception, something that was celebrated. And this will continue to the Board of CADE that is now debating this. In terms of the integration, we still have not begun, we're awaiting the end of this process. The expectation is to end this at the end of this quarter. Of course this period has been used very properly in terms of planning the integration. We're quite satisfied from what we have learned about the business and the possibility of putting in place all of the synergies we expected. Now this is what we will begin doing in the second quarter.

Regarding prices, yes, there is seasonality in the sector and this of course will cause a lag. It is very difficult to transfer cost increases to prices in a moment of weak demand where we have rainfall and carnival. Now this happened in March, civil construction proceeds strongly. It is quite heated because of inflation and interest rates. Now in the real estate market, residential construction proceeds very strongly. So demand is doing well. The expectation for this year is to have growing or stable volumes vis-a-vis 2021 and we have been able to transfer the cost increases to prices. Our expectation for 2022 are to have margins of 22% in our industrial part.

Now regarding the CapEx for mining, yes, these are the figures. BRL12 billion in the first 5 years, 2021 up to 2026, 2027. We announced this at the end of 2021. Now this year we will have lower volumes, limited expansion, we will invest less than BRL1 billion and then we will speed up. We will have the expansion CapEx that will be between BRL2 billion to BRL2.5 billion and the consolidated CSN CapEx will be between BRL4 billion and BRL5 billion in the coming years.

Now Daniel, simply to complement an important piece of information for cement. You know the market figures. Well, to give you an idea, nowadays in terms of order of magnitude, the net FOB price is BRL310 per ton. It's a figure that is very different to what we had last year. The strongest increase in price was in April now, BRL3 per cement bag and approximately BRL60 or BRL65 per cement bulk. So for the accrued figures of the year, we have a variation of 19% to 25%. What we expect for cement in April is at the margin that we showed you, that dropped to 26% or 27% will return to 33%, 34% of EBITDA and we underscore that CSN has the highest margin in the sector compared to its market peers. Thank you.

Operator

Our next question is from Leonardo (inaudible) from Bank of America. Your line is open. You may proceed with the question.

Q - Unidentified Participant

Can you hear me?

Operator

Yes, you can proceed.

Q - Unidentified Participant

Good morning. Thank you for taking my question. I would like to know your growth plan for CSN and perhaps potential M&As and CESP and Samarco if this would make sense as part of the CSN strategy?

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Thank you for the questions. We have been very structured when it comes to the growth in each of our businesses and we speak about doubling the Company as Benjamin said at the end of the year. All of this has been carefully conceived and it doesn't necessarily go through M&As. We doubled with the integration of LafargeHolcim. And in mining, this is the plan of BRL12 billion which will enable us to increase the Company two-fold. We have a project for Casa de Pedra and this is the priority. In terms of steel, we do have some projects that will increase production by 1.5 million tons and eliminate bottlenecks.

We're going to grow organically in greenfield in developed countries, especially the US. This is what we're working on, on projects in the US, small plants, especially for long steel to have an interesting time to market until 2024-2025 when we can already begin production. Yes, of course, we can increase the size of the Company without speaking of M&As. Energy assets for example, generation assets that we have just acquired are important for efficiency. Of course we're always opportunistic. We always analyze opportunities because we are in the sector, but we don't count on these. We have no expectation regarding these. Our focus is the plan that I have just described to you.

Q - Unidentified Participant

Thank you. Thank you so much.

Operator

(Operator Instructions) As we have no further questions, we're going to return the floor to Mr. Marcelo Cunha Ribeiro, CFO and Executive Director of IR for his closing remarks.

A - Marcelo Cunha Ribeiro {BIO 22375061 <GO>}

I would like to thank all of you for your participation and express our confidence of crossing these moments of turbulence, delivering results in 2022 that can be as good as or better than the results in 2021. Thank you again for your participation.

Operator

The results conference call for CSN ends here. We would like to thank all of you for your participation. Have a good afternoon.