CSN

Companhia Siderúrgica Nacional

CSNA3 BM&FBOVESPA

SID LISTED NYSE



Steel



Mining



Cement



Logistic



Energy

Earnings Presentation – 1Q18

May, 15th 2018

Companhia Siderúrgica Nacional

FINANCIAL AND OPERATING HIGHLIGHTS

1 **Strong recovery of steel volumes** in the domestic market (+27% vs 1Q17)

2 **Consistent increase in steel prices** due to robust demand

3 **Better iron ore realized prices in** (1Q18 x 4Q17), with quality improvement and lower discounts

4 **Strong increase in cash generation,** supported by reduced financial expenses and efficient working capital management

5 **Assets sales from treasury** generating more than R$250 million of cash between February and April

6 **Signing of CSN LLC sale agreement, transaction with estimated net debt reduction of R$1.8 billion**

SALE OF CSN, LLC: TRANSACTION OVERVIEW

1. Main terms

100% Sale of Companhia Siderúrgica Nacional, LLC, a company located in the United States, with operations in pickling, cold rolling and galvanizing of flat steel, for Steel Dynamics, Inc.

CSN will maintain its commercial import and distribution activities in the North American market, through another subsidiary, to be set up for this purpose.

Price: USD 400 M (cash free & debt free) to be paid on transaction closing

Completion date: within 90 days

Price Adjustment: After closing, the purchase price will be adjusted according to the target working capital, defined in the Contract as US$ 60 M

The Transaction is part of CSN's divestment and deleveraging plan and will generate a reduction in net debt of approximately R$ 1.8 billion[1]

2. Conditions

The transaction is subject to the approval of United States regulators (Federal Trade Commission e US Department of Justice).

[1] considering na Exchange rate R$/US$ 3,60 / working capital updated numbers

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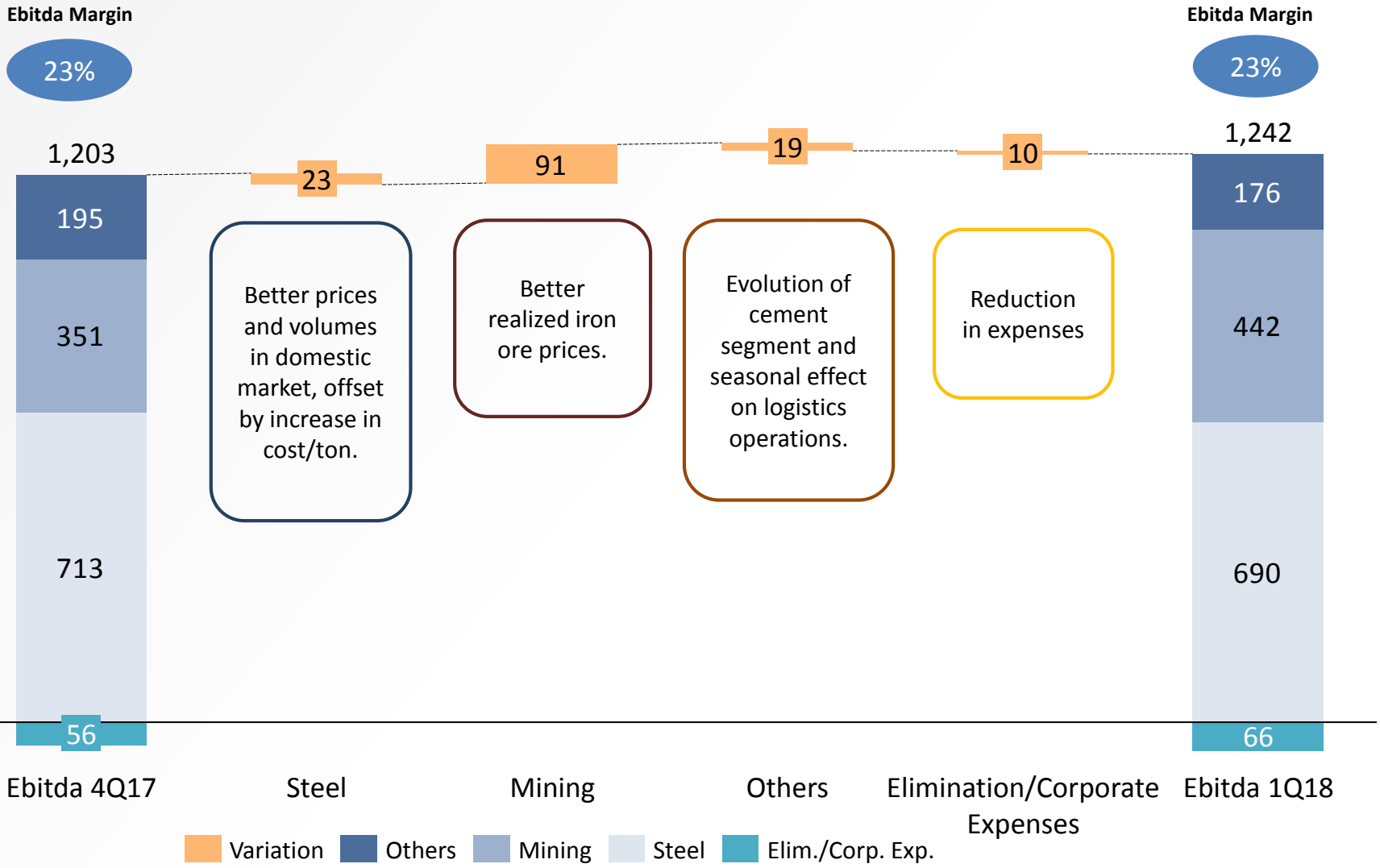


Energy

Consolidated Financial And Operational Indicators

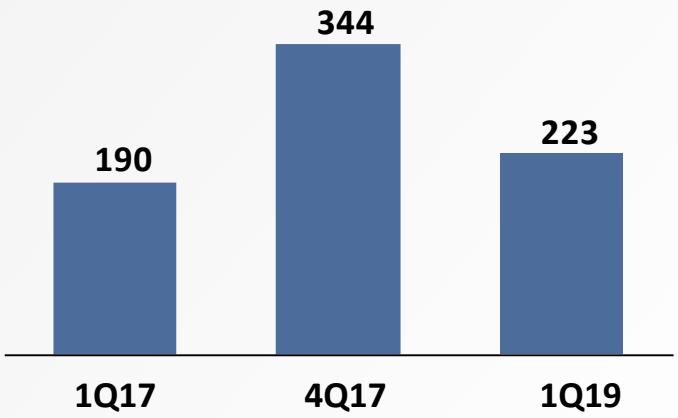
EVOLUTION OF OPERATING RESULTS BY BUSINESS 1Q18

Adjusted Ebitda Evolution – R$MM

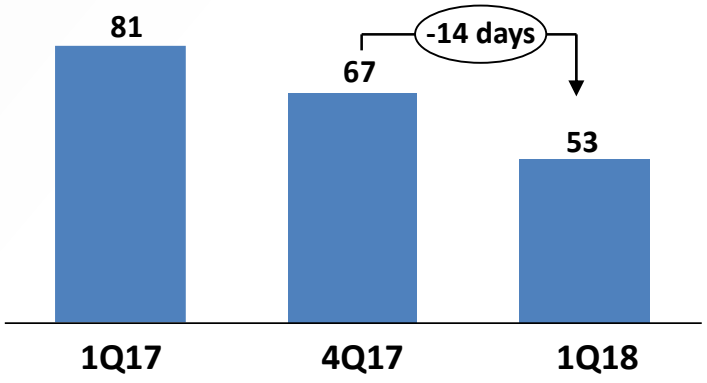


FINANCIAL INDICATORS

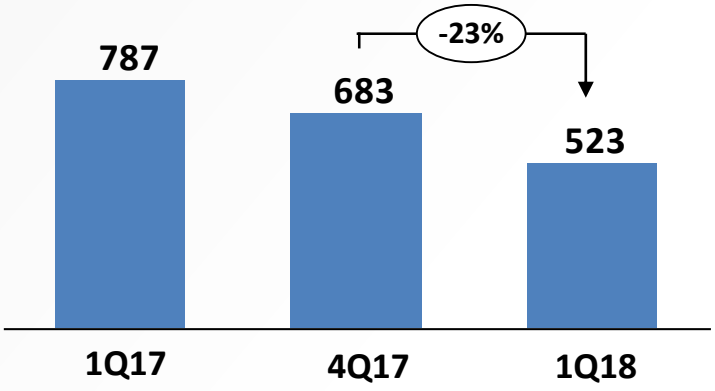
Capex - R$MM



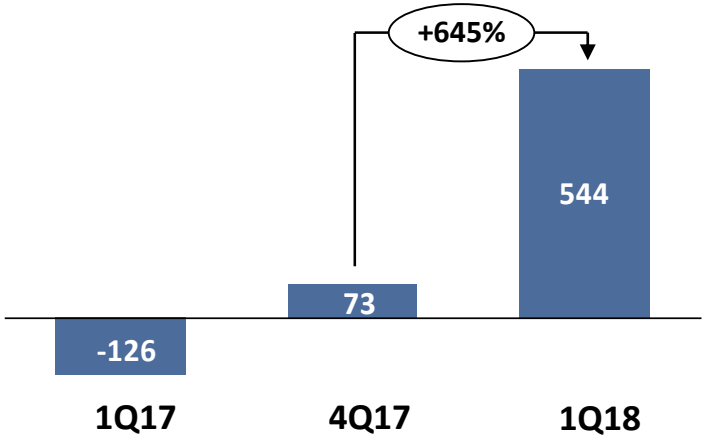
Financial Cycle - days



Financial Expenses (ex variation) – R$MM

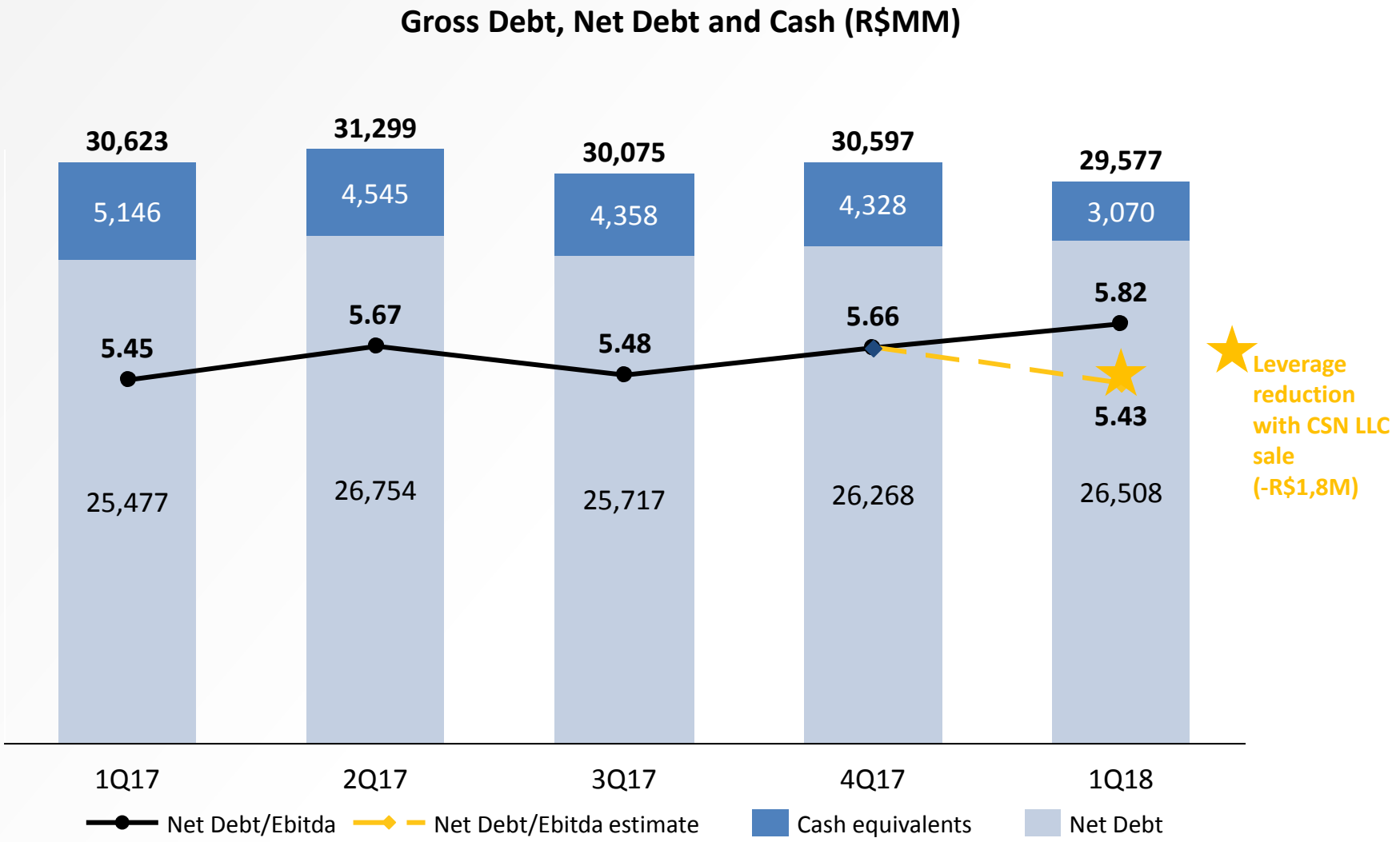


Free Cash Flow – R$MM



LEVERAGE AND LIQUIDITY

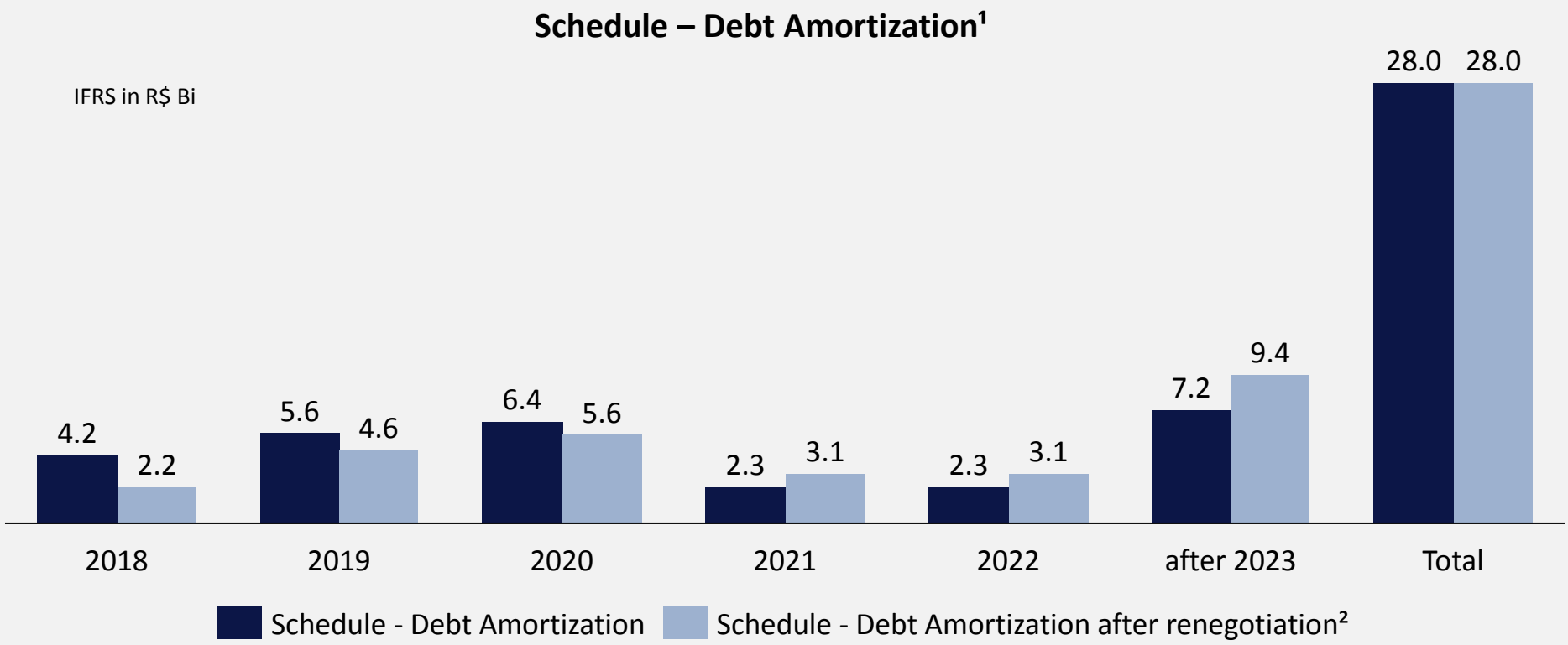
Continuous gross debt reduction and an increase in leverage



DEBT AMORTIZATION 03/31/2018

Companhia Siderúrgica Nacional

Debt reprofiling expected to accelerate in 2Q as asset sales advance



[1] Values referring to amortization schedule, not included in accrued interest. Amortization schedule data does not include FTL, ERSA, TLSA, LLC e SWT.
[2] The amortization schedule after renegotiation considers BB rescheduling, CEF proposal and Bond reprofiling, noting that Bonds due 2019 and 2020 include a repurchase completed in 2016.

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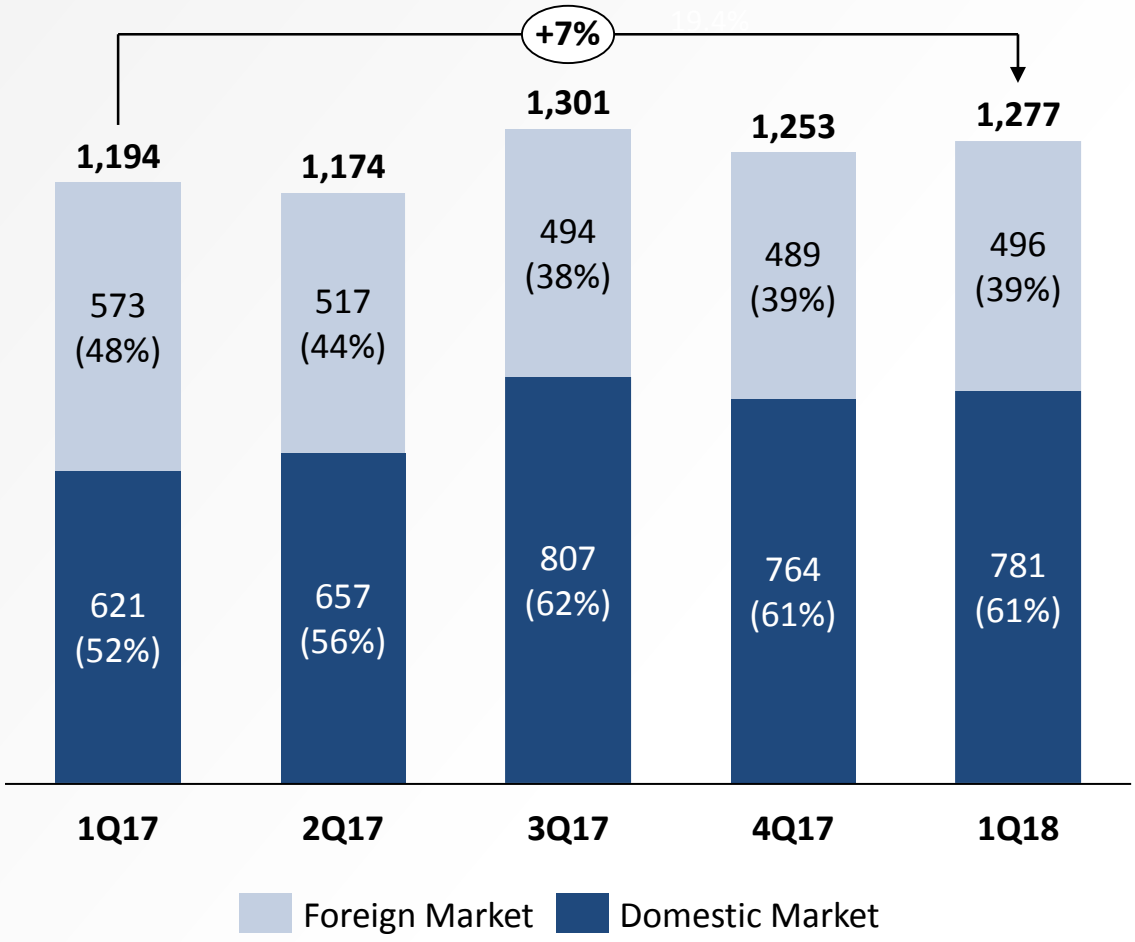
Energy

Business Highlights

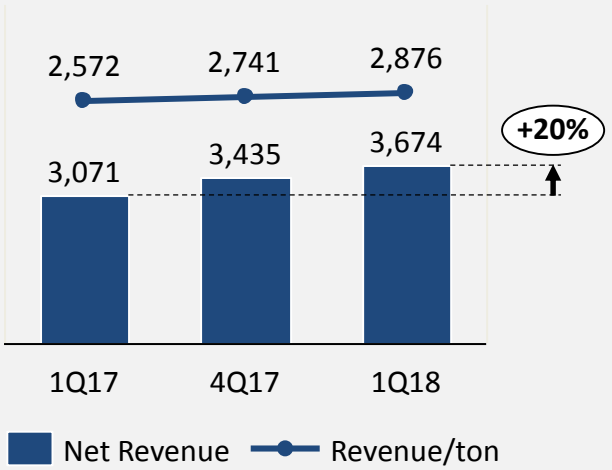
STEEL PERFORMANCE

Strong revenue growth due to increased demand and prices in the domestic market

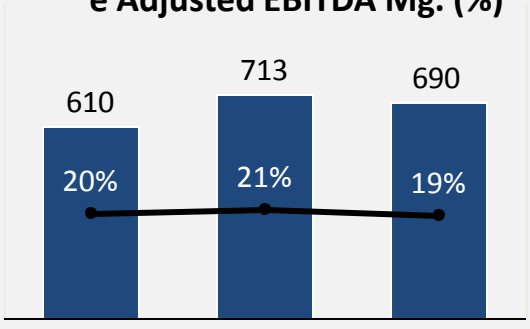
Sales Volume (thousand tons)



Net Revenue (R$MM) and Average Price (R$/ton)



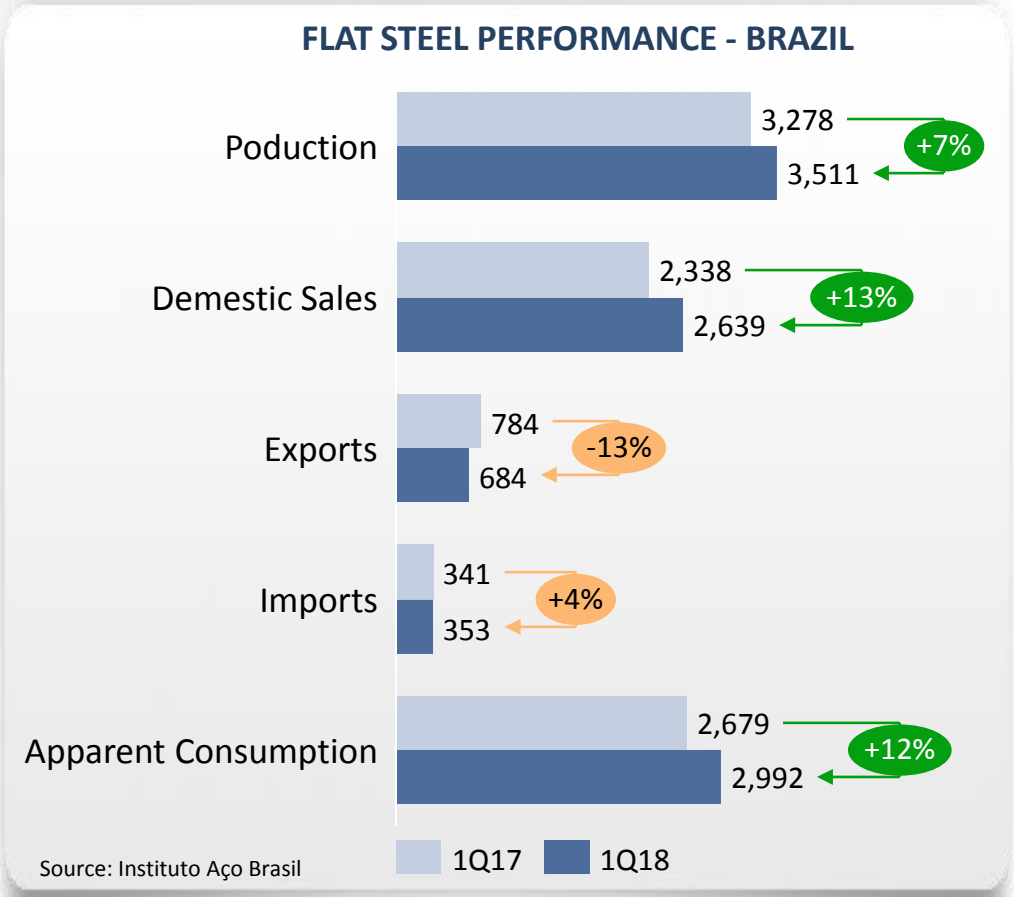
Adjusted EBITDA (R$MM) e Adjusted EBITDA Mg. (%)



STEEL – OUTLOOK

Economic recovery underpins demand growth

Domestic sales of flat rolled products increased by 13%, compared to the same period in 2017 and are expected to close 2018 with a 7% advance.

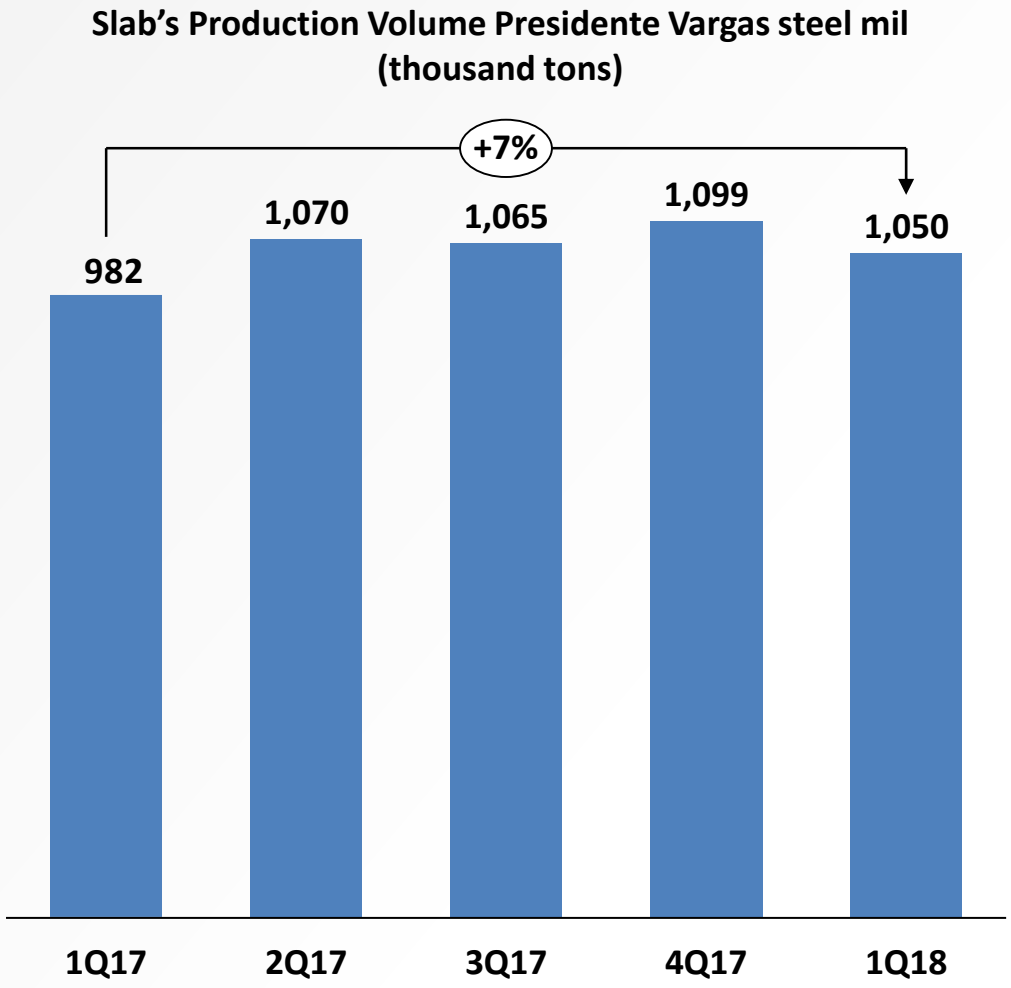


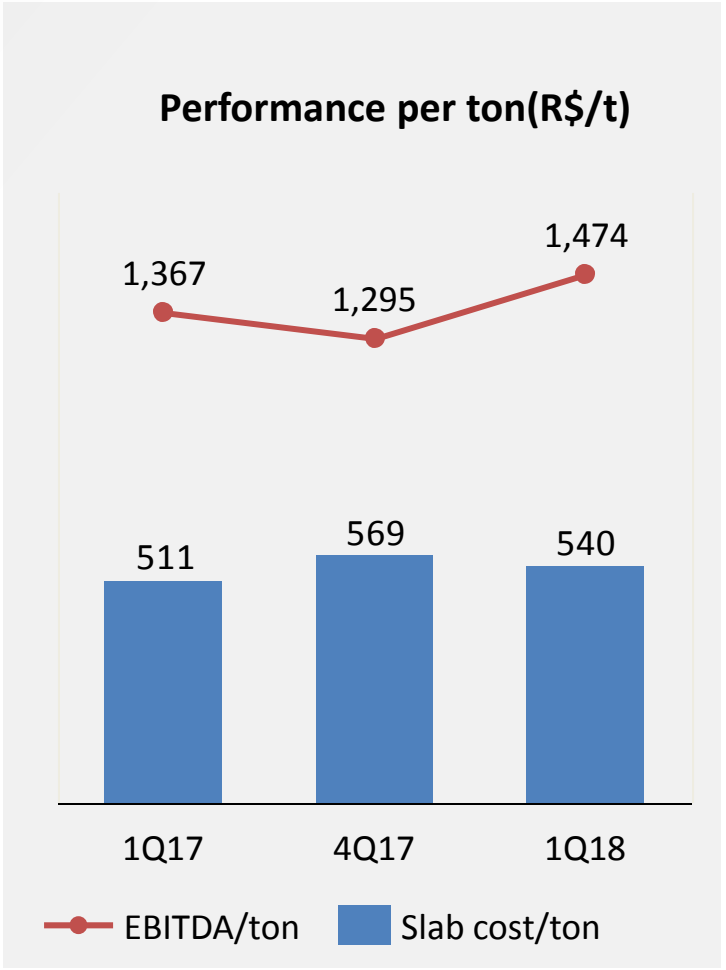
Resumption of the main consumer sectors in 1Q18 reinforces positive outlook for the year:

		OUTLOOK 2018
+19%	Sale of light vehicles registered growth of 19% in 1Q18;	+15%
+51%	51% increase of Buses and Trucks sales in 2018;	+17%
+14%	Distribution sales advanced 14% in 1Q18;	+8%
+11%	Capital goods production with growth of 11% in the year;	+10%

STEEL PERFORMANCE

EBITDA per ton reached R$540 in 1Q18, 6% higher than 1Q17, even with a on-off increase in unit costs

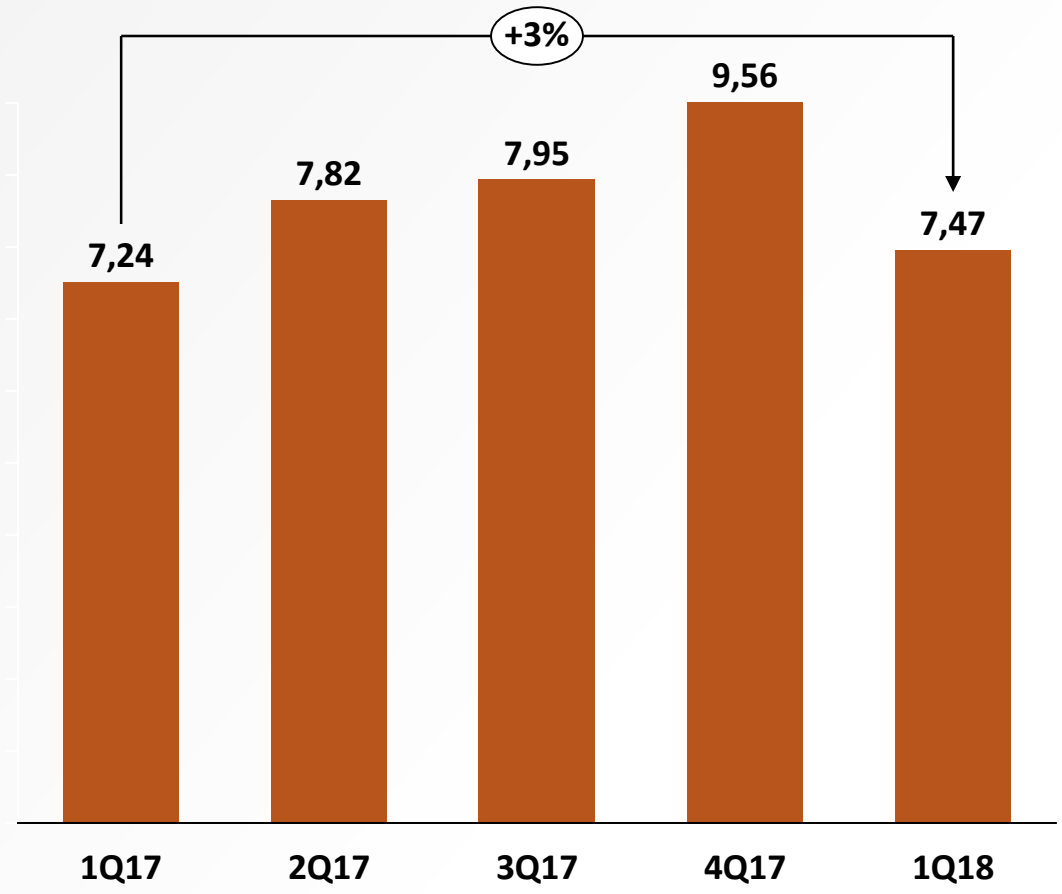




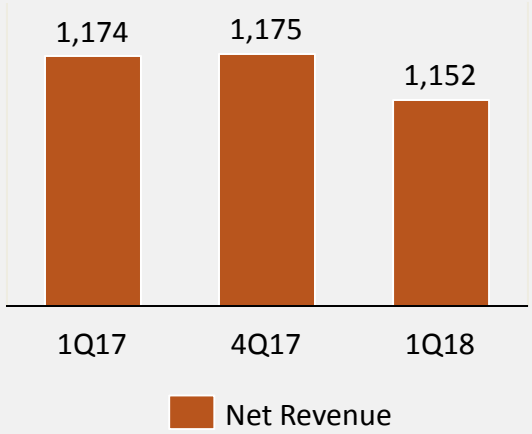
MINING PERFORMANCE

Evolution of market prices and better quality of ore partially offset lower production volumes

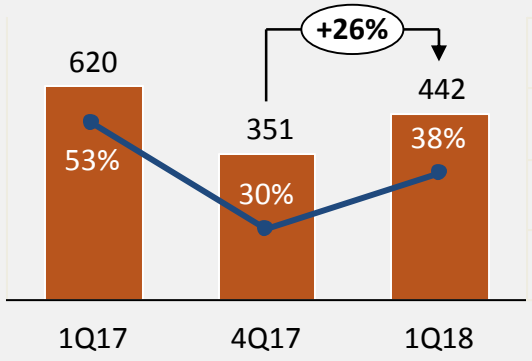
Mining Sales Volume (thousand tons)



Net Revenue (R$MM)

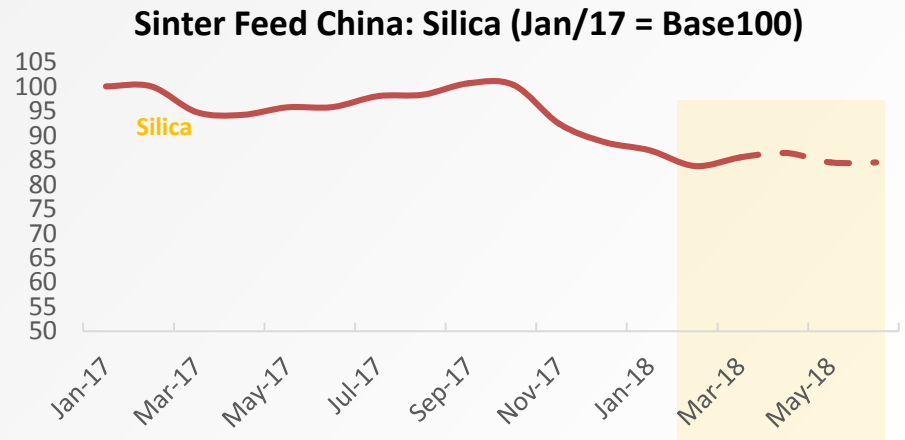


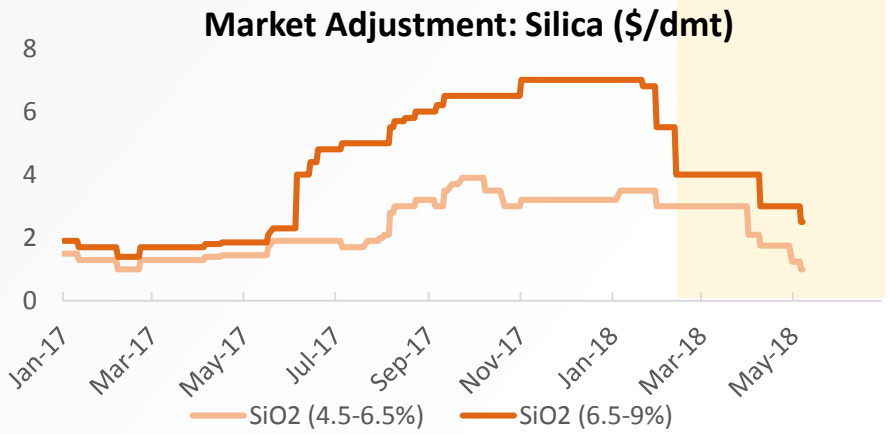
Adjusted EBITDA (R$MM) and Adjusted EBITDA Mg. (%)



MINING – QUALITY EVOLUTION AND IMPACT ON PROJECTS

Operational efforts to improve product quality led to even better results with the reduction of silica market adjustments





Mining projects reduce dependency on dams, adding quality and reducing costs

Filtering Phases I e II

- Reduces dependence on dams, allowing greater production pace of the Central Plant
- Phase I has start-up scheduled for Jun/ 18; Physical progress is 72%
- Phase II begins its activities in 1Q19

Magnetic concentrator II

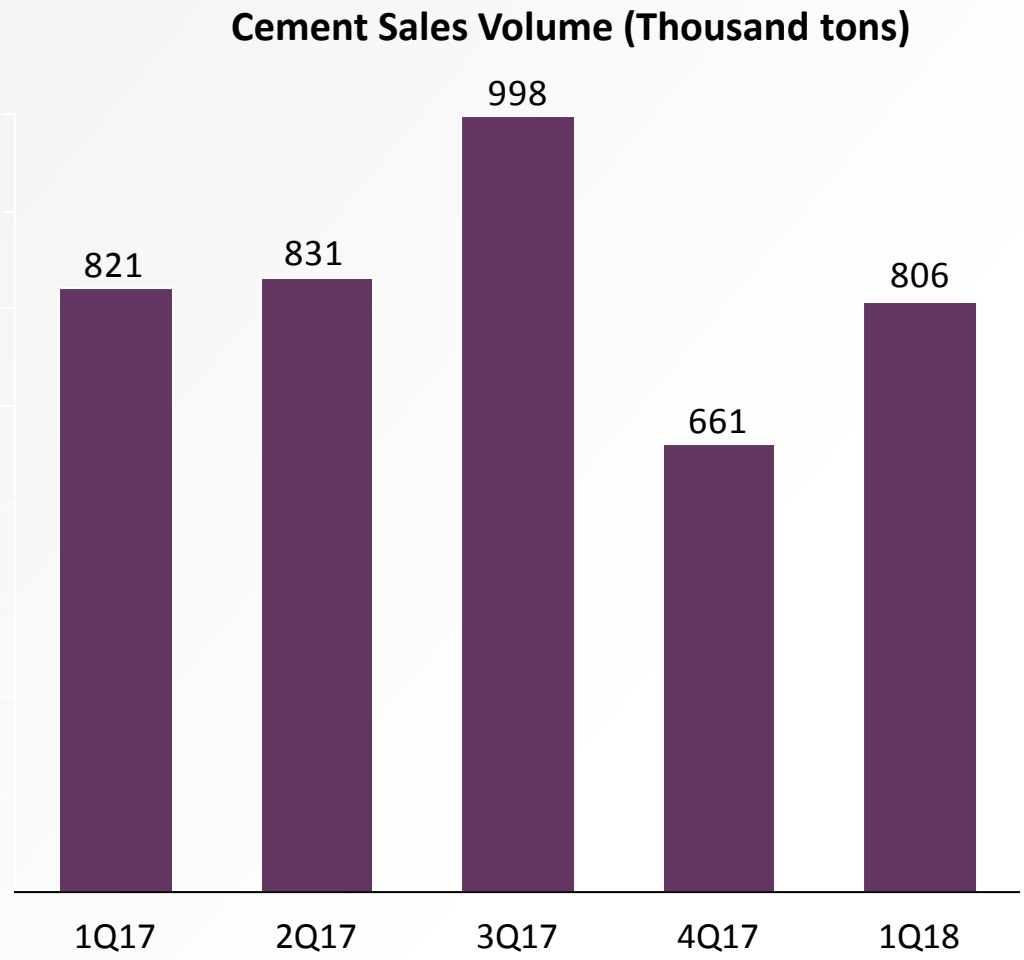
- Reduces dependence on dams, turning waste into product
- Gains in scale and quality improvement
- Magnetic concentrator II has start-up scheduled for 4Q/18; Physical progress is 44%

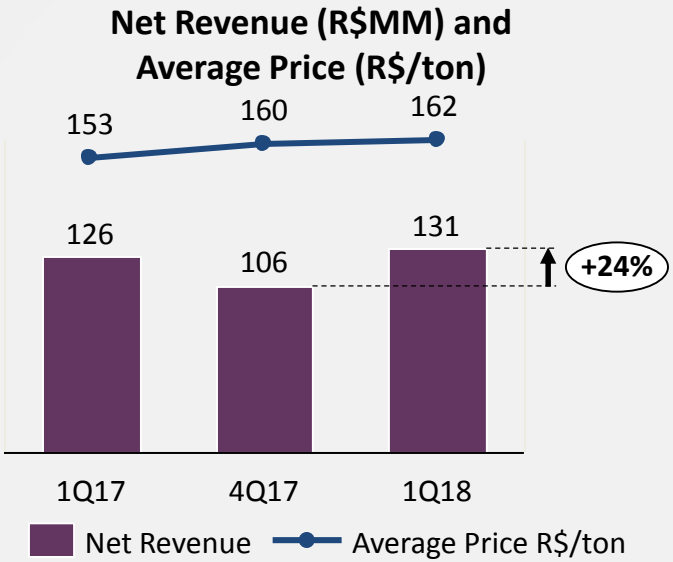
Dry production

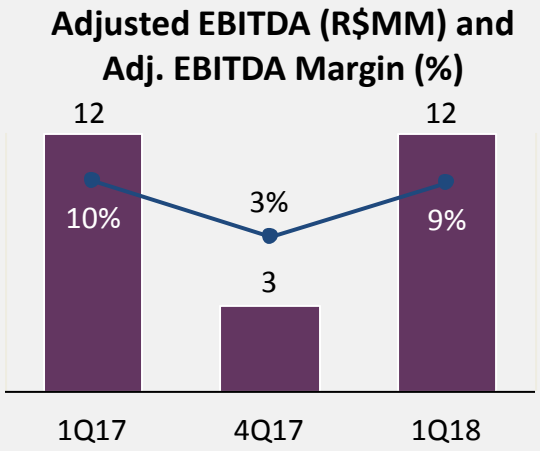
- Does not depend on dams
- 55% cost reduction in 8Mtpa
- Implementation authorized by the environmental agency

CEMENT PERFORMANCE

With the best market share positioning, CSN has been seeking price recovery to improve business results



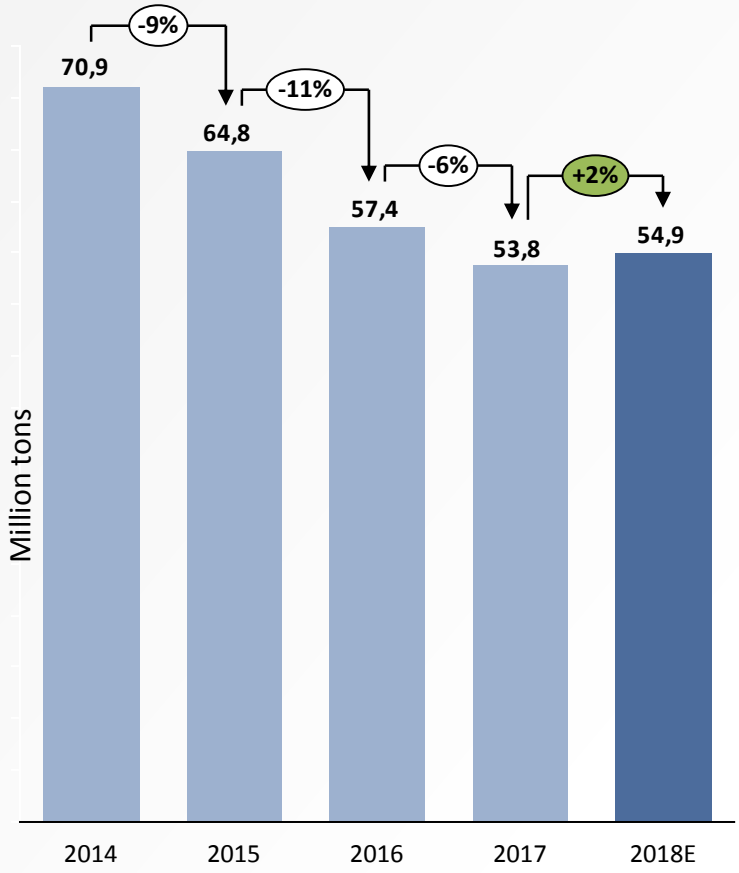




CEMENT - OUTLOOK

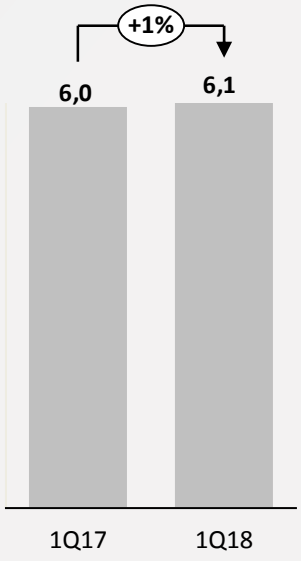
The downward trend in cement consumption slowed in 2017 but recovery is expected in 2018

Total Sales – Domestic Market – Brazil
(preliminar sales by industry and market estimates)



Source: SNIC

Southeast market already starting volume recovery in 1Q18

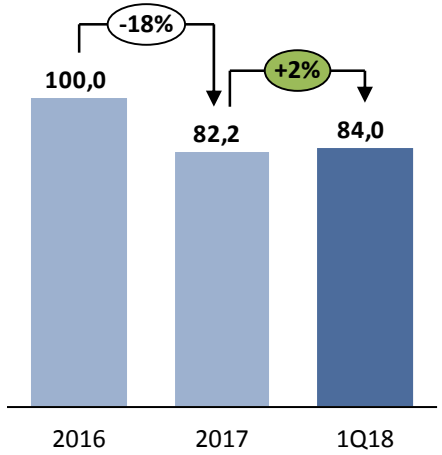


Production costs:

- Fixed costs reduction;
- Raw materials synergy;
- Process optimization.

Additional ongoing initiatives such as waste coprocessing and optimization/new raw materials.

Production costs maintenance, even with a strong increase in fuel prices.



Source: CSN

Base 100 = 2016

Companhia Siderúrgica Nacional

Website:

www.csn.com.br

Investor Relations:

Marcelo Ribeiro– CFO and IR Director
Time de Relações com Investidores: Leonardo Shinohara, Jose Henrique Triques, Carla Fernandes e Bruno Souza

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