

Earnings Presentation – 4Q17/2017

March, 27th 2018

2017 financial and operating highlights

- **Prices recovery and cost competitiveness in the steel and mining segments guaranteed strong adjusted EBITDA, an increase of 14% over 2016, totalling R$ 4,645MM.**
- **Productivity gain initiatives resulted in a reduction of approximately R$100MM or a 20% reduction in General and Administrative Expenses.**
- **More efficient working capital managment, capex selectivity and interest rates reduction supported a significant improvement in cash generation from operating activities in a second consecutive quarter.**
- **Financial liabilities efforts completed important steps by extending major debts and partial refinancing of Bonds.**
- **Advanced asset sales process to accelerate deleveraging.**

SEGMENT OUTLOOK

STEEL

- More robust economic growth lead to the recovery of volumes in the domestic market.

- Price readjustments following international market strength.

MINING

- CSN has promoted a quality improvement from exported product, in line with market demand.

- Projects should maintain production rhythm reducing costs and dependency on tailing dams guarantee quality in the mid-run.

- Proactive action to guarantee security of its dams.

CEMENT

- Volumes returning to growth, after years of market shrinkage.

- Restoration of prices already in progress, improving margins significantly.

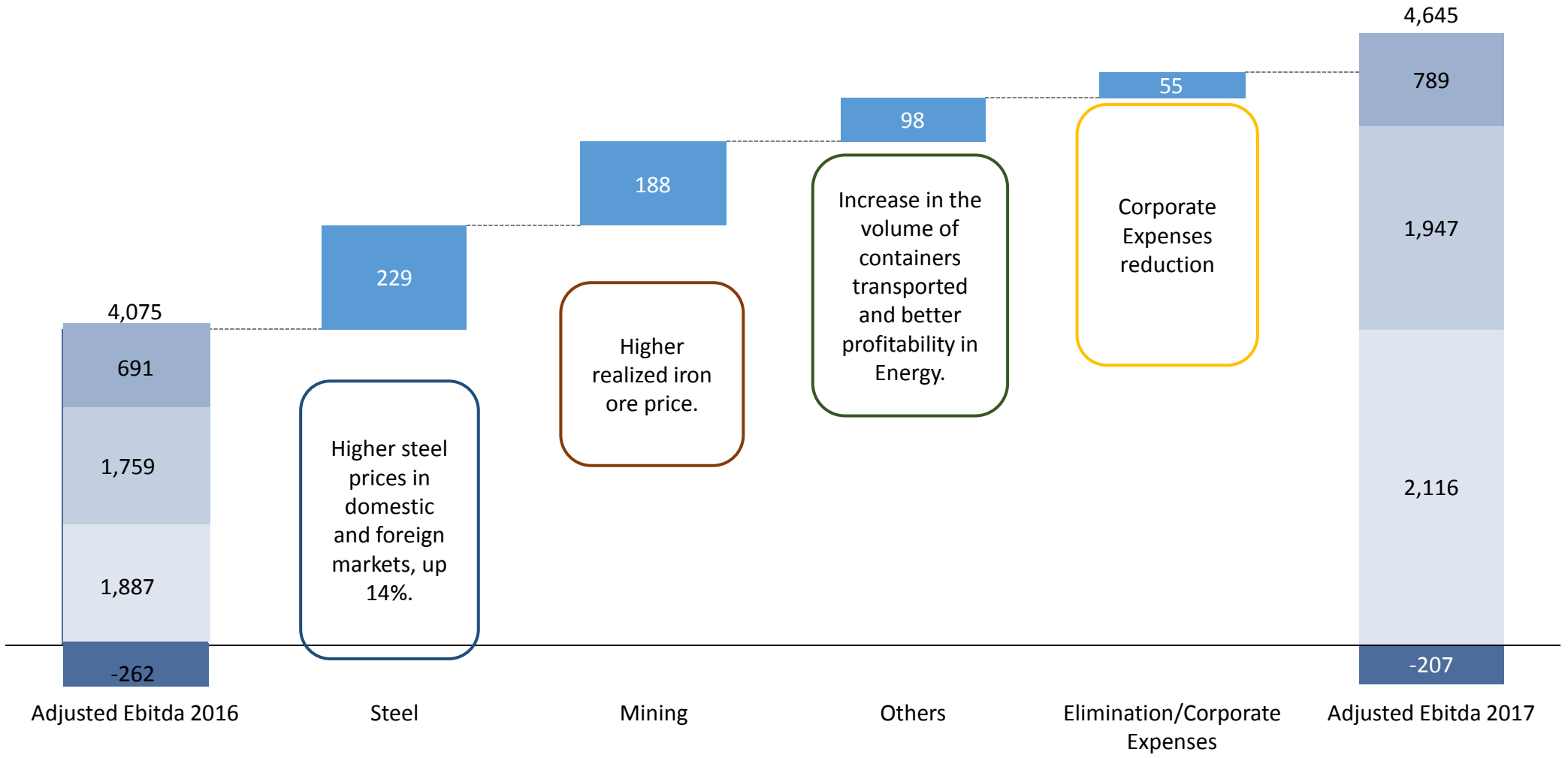
- Business unit starts to generate cash, after the end of the CAPEX cycle.



Consolidated Financial and Operational Indicators

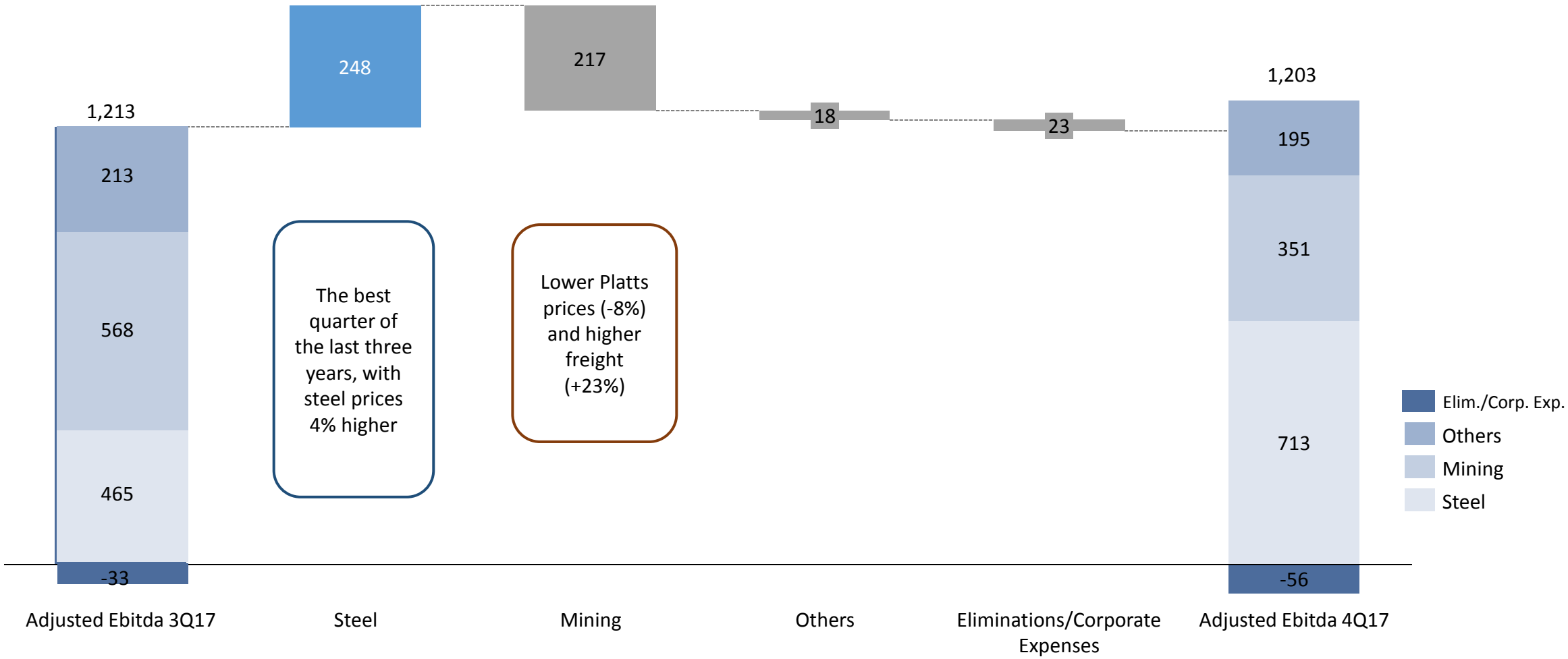
Adjusted EBITDA Evolution of Operating Results by Business

Build up Adjusted Ebitda – R$MM



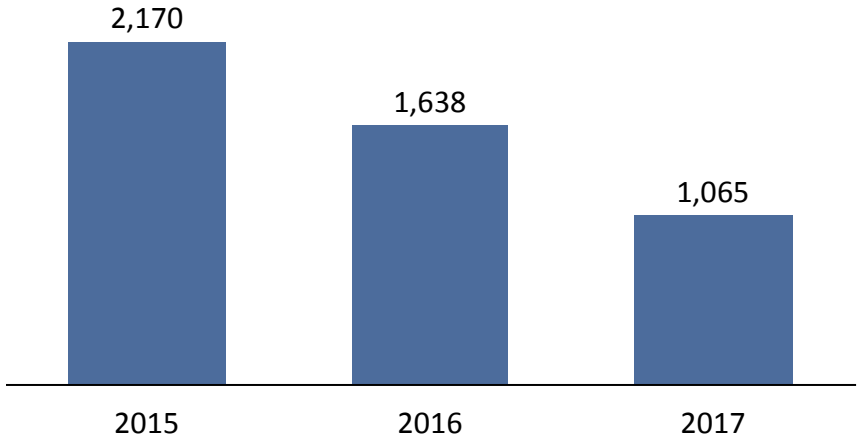
Adjusted EBITDA Evolution of Operating Results by Business

Build up Adjusted Ebitda – R$MM

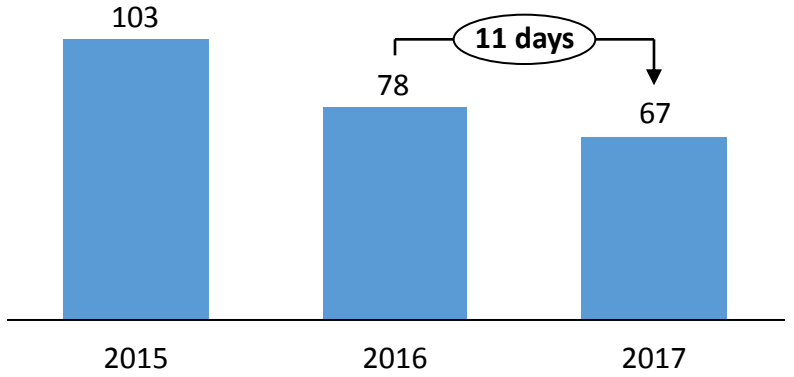


Financial Indicators

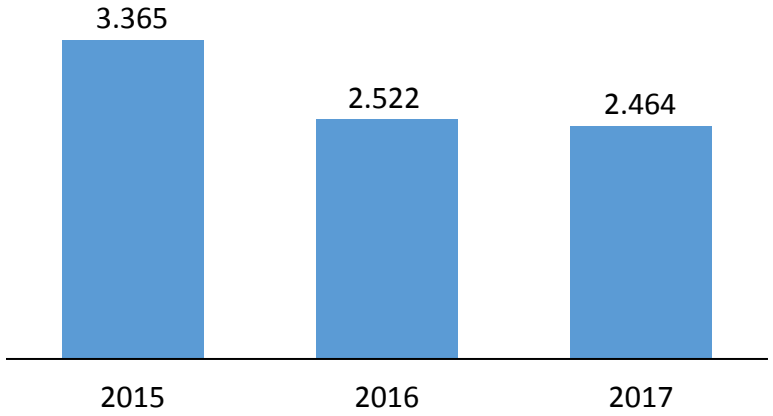
Capex - R$MM



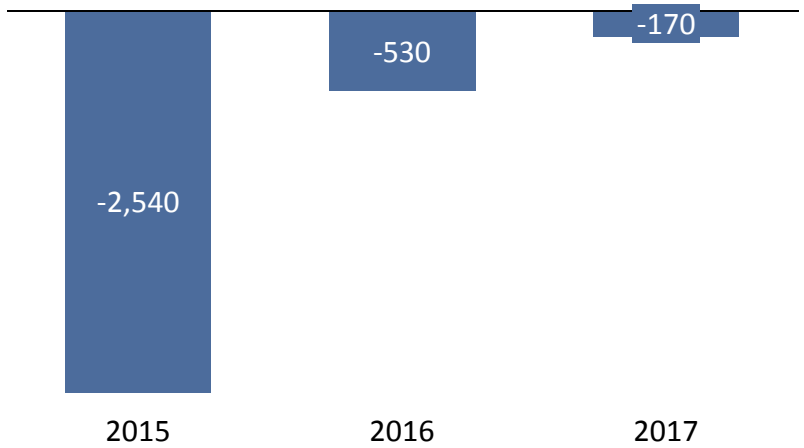
Financial Cycle - days



Net financial expenses – R$MM

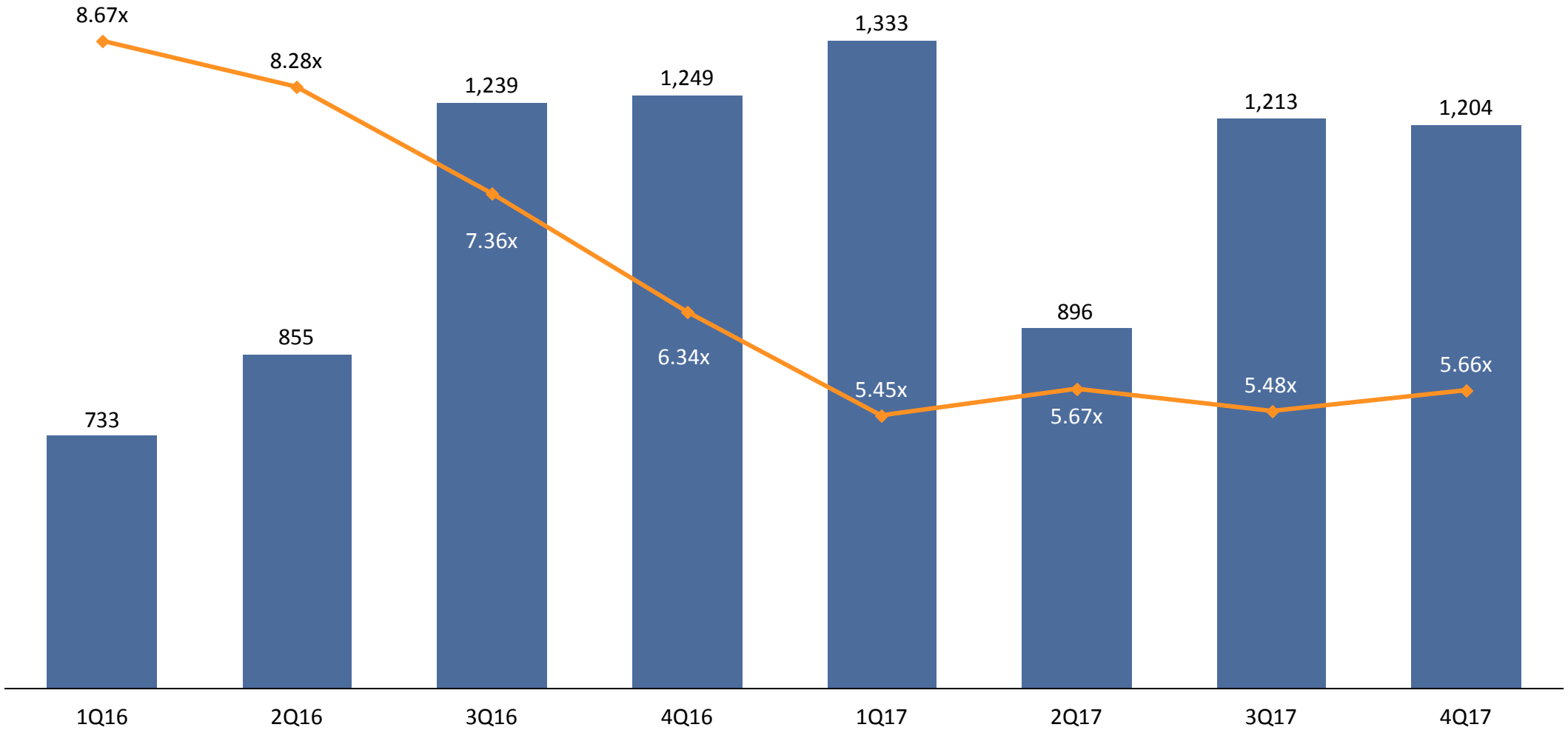


Free Cash Flow– R$MM

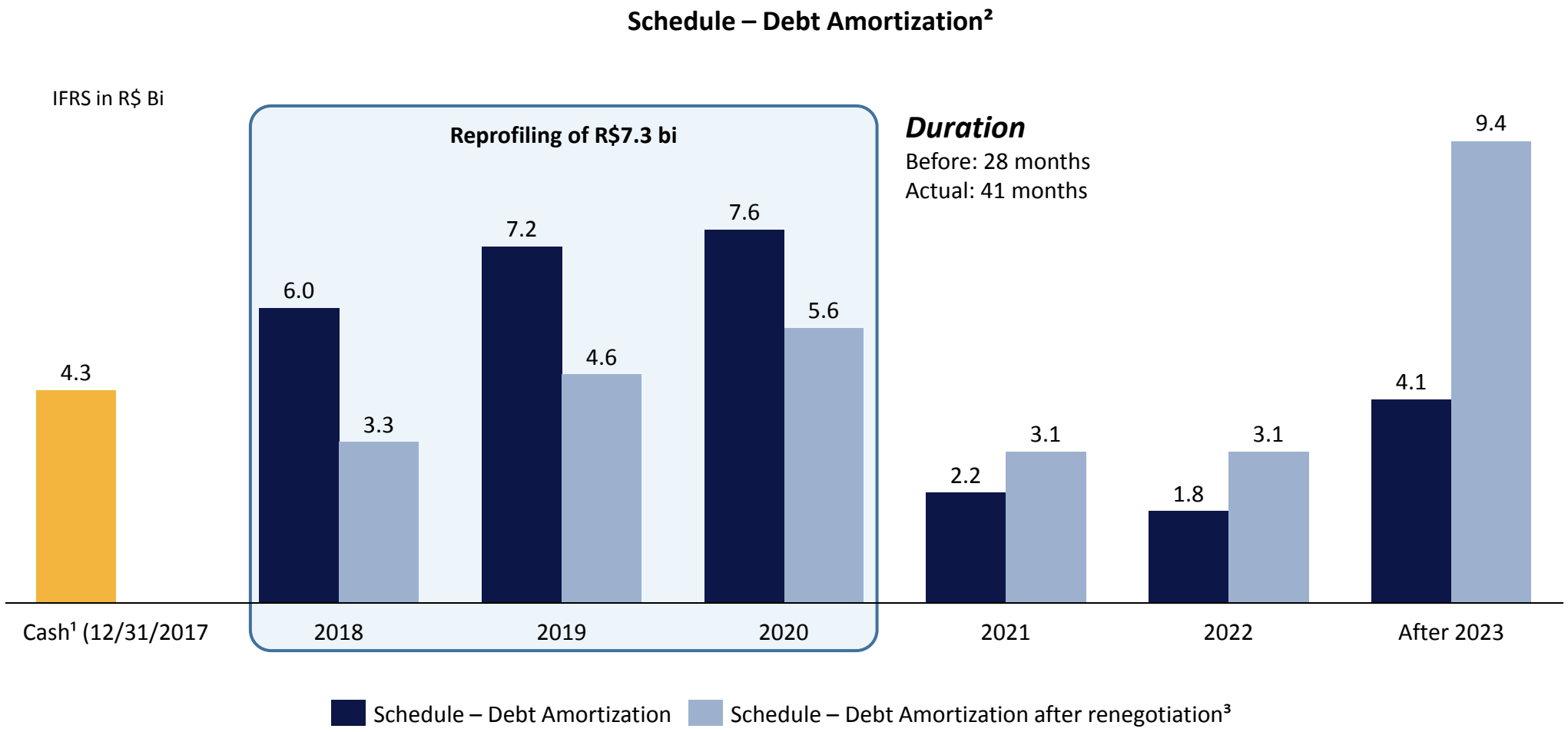


Leverage

Net Debt/Adjusted EBITDA LTM(x) and Adjusted Ebitda (R$MM)



Debt Amortization - 12/31/2017



¹Includes collateral for BM&F foreign exchange operations.
² Values referring to the amortization schedule, not included in accrued interest.
³ The amortization schedule after renegotiation considers a BB rescheduling, a CEF proposal and Bond reprofiling, noting that Bonds due 2019 and 2020 include a repurchase completed in 2016.







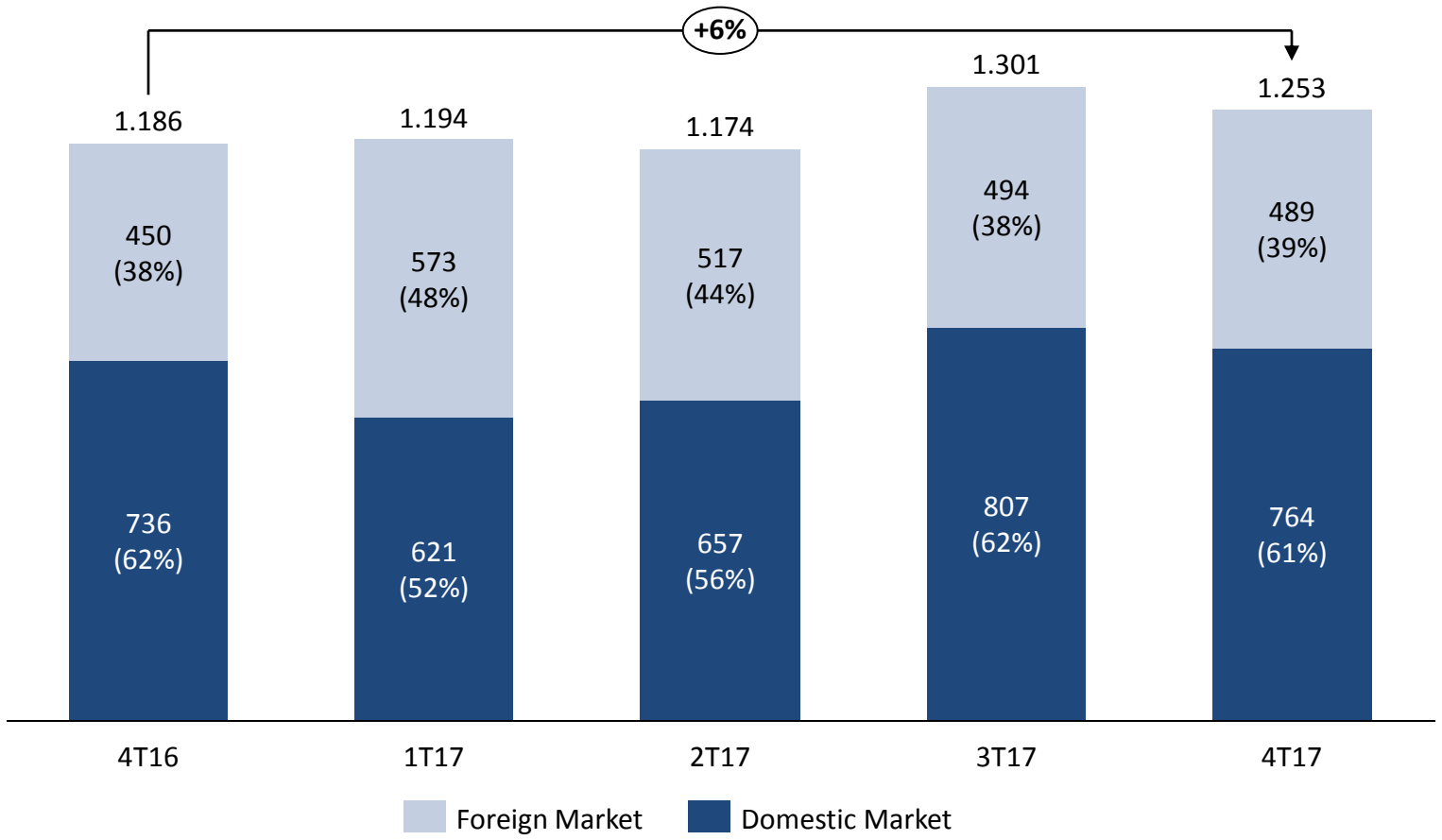
CSN

Business Highlights

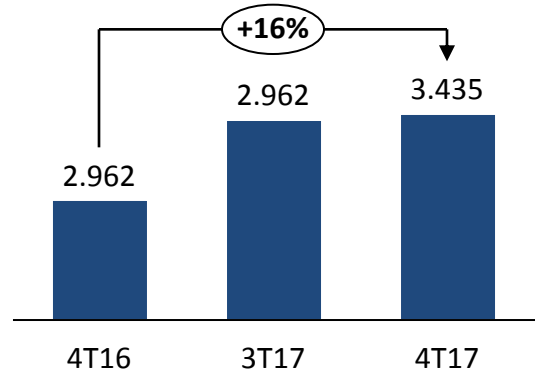
Steel Performance

Increase of 31% and 16% in EBITDA and Net Revenue in 4Q17 compared to 4Q16

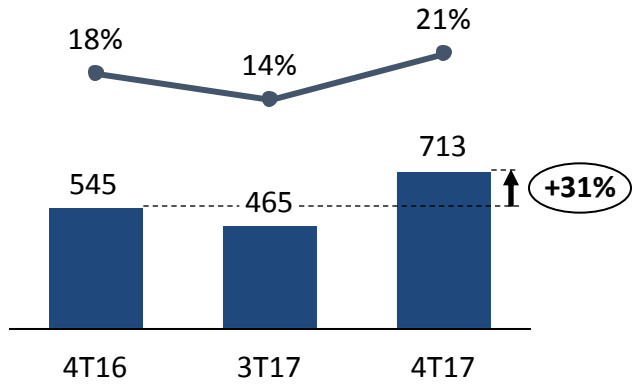
Sales Volume (million tons)



Net Revenue (R$MM)

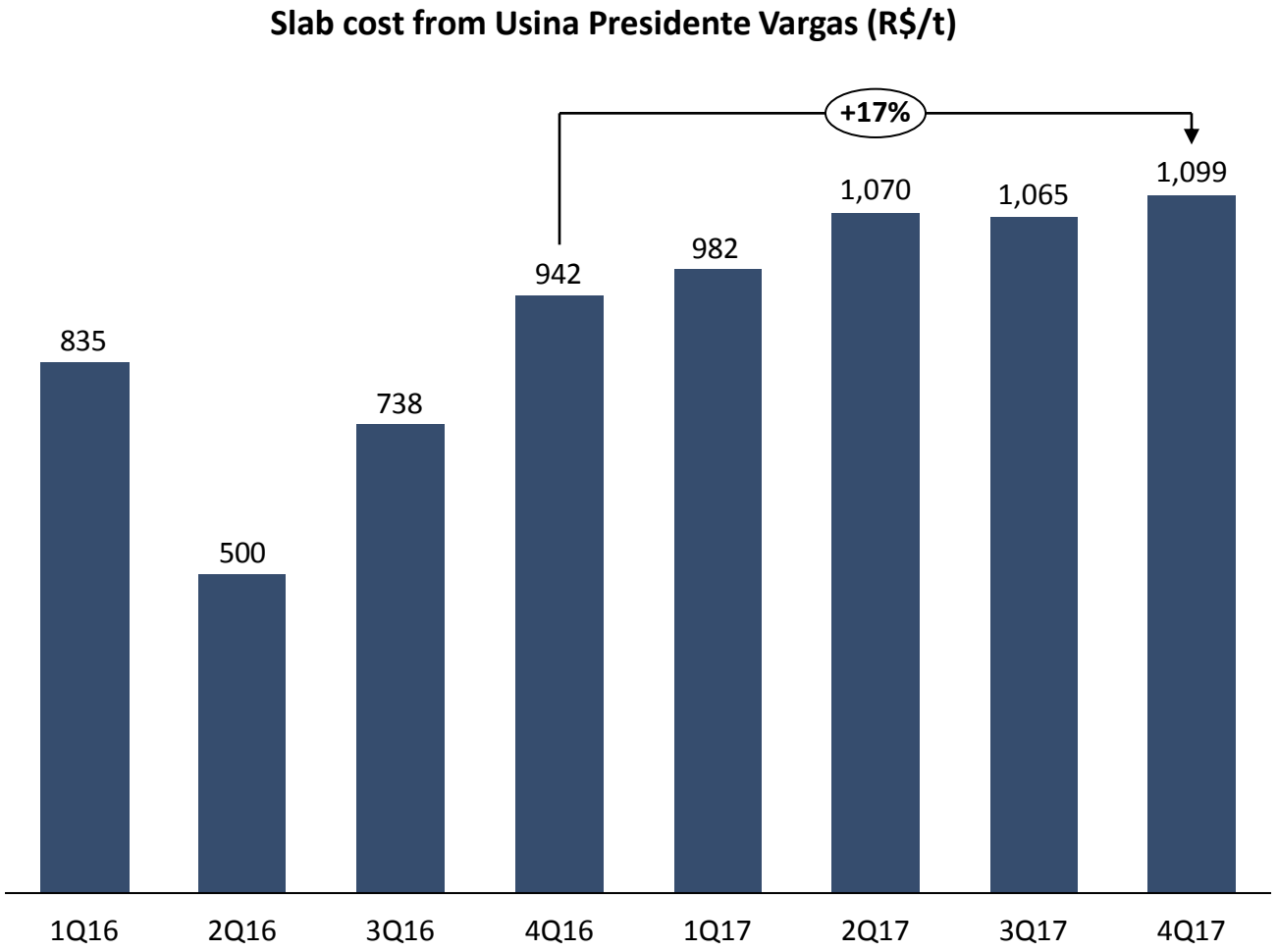


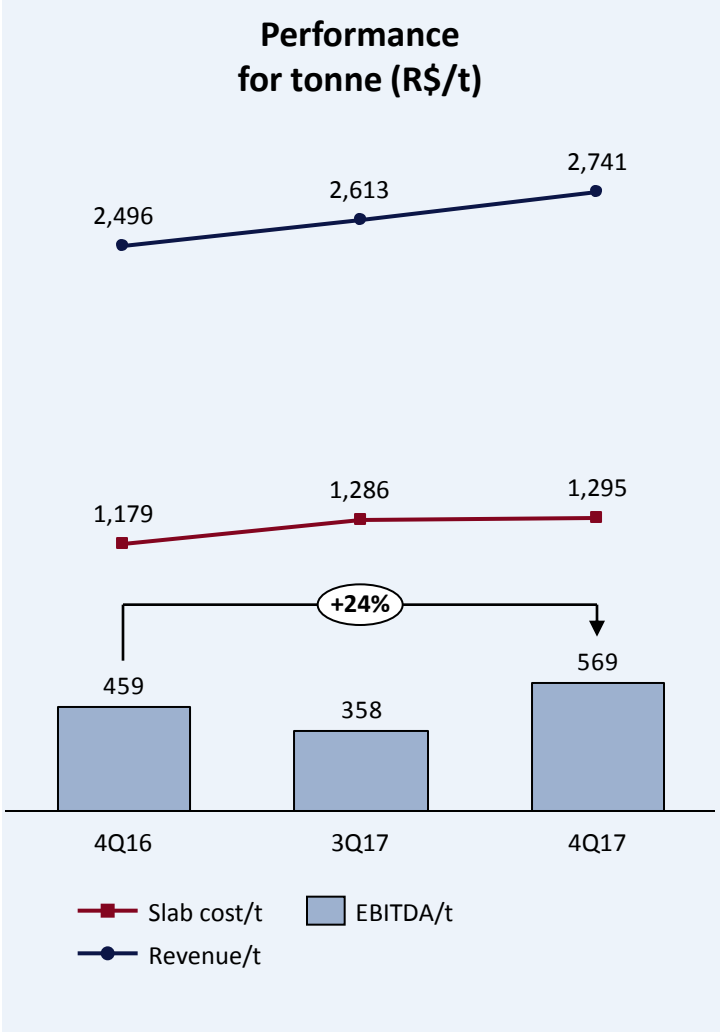
EBITDA (R$MM) e Mg. EBITDA (%)



Steel competitivity

EBITDA per ton reached R$569 in 4Q17, 24% higher than in 4Q16

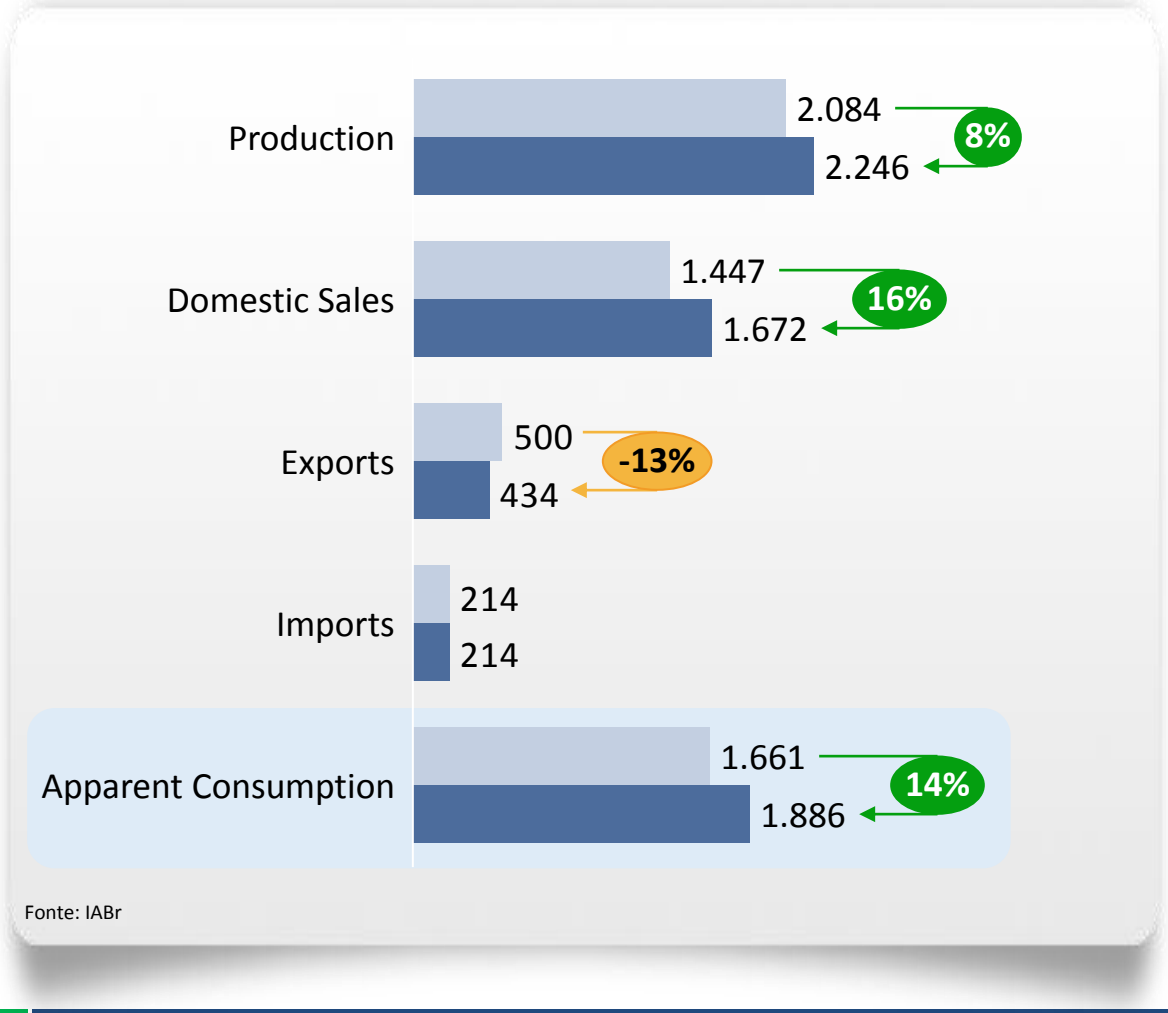




Steel – Market and Perspectives

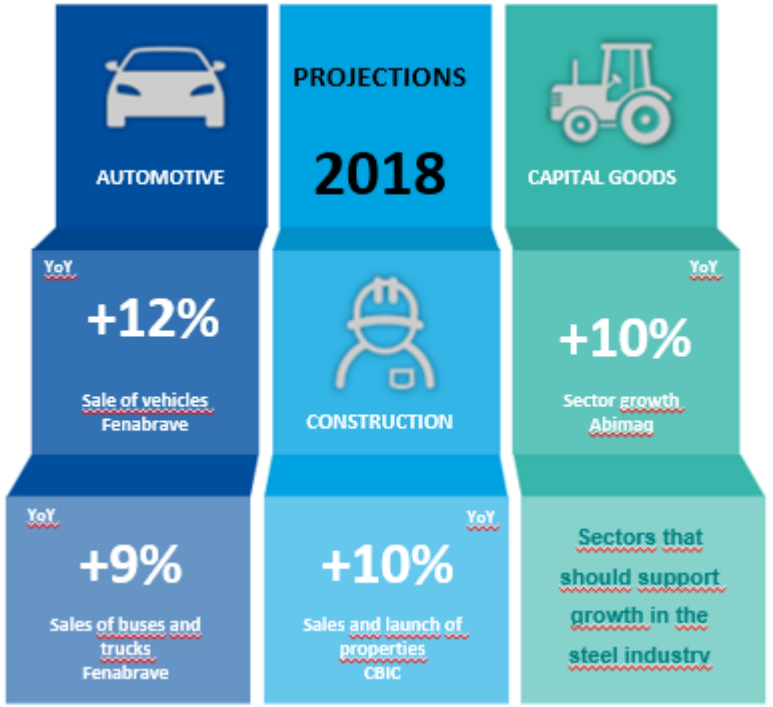
Economic Recovery underpins demand growth

Domestic sales of flat rolled products registered a 16% growth year-on-year, mainly influenced by:



Fonte: IABr

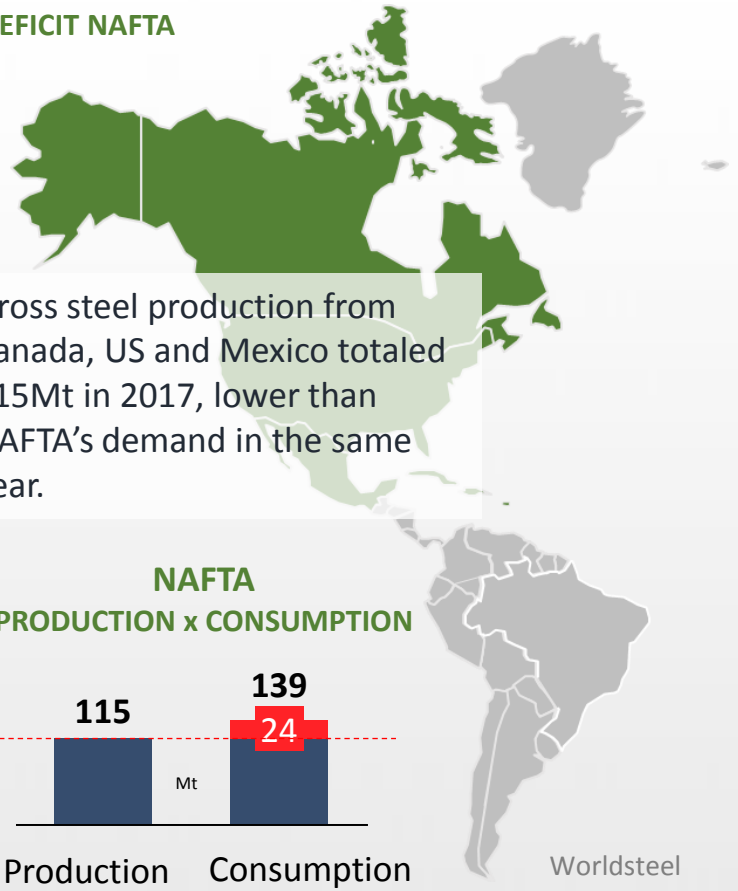
Steel consumption should be subsidized by the economic recovery and the improvement of the following sectors :



232

Steel surcharges for imports into the United States begins to lose force with the granting of exceptions.

DEFICIT NAFTA

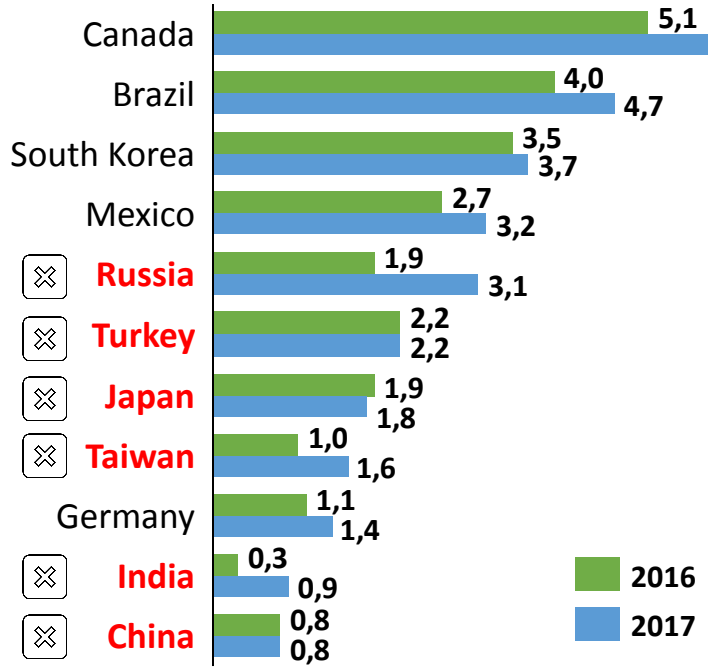


Gross steel production from Canada, US and Mexico totaled 115Mt in 2017, lower than NAFTA's demand in the same year.

NAFTA
PRODUCTION x CONSUMPTION

Worldsteel

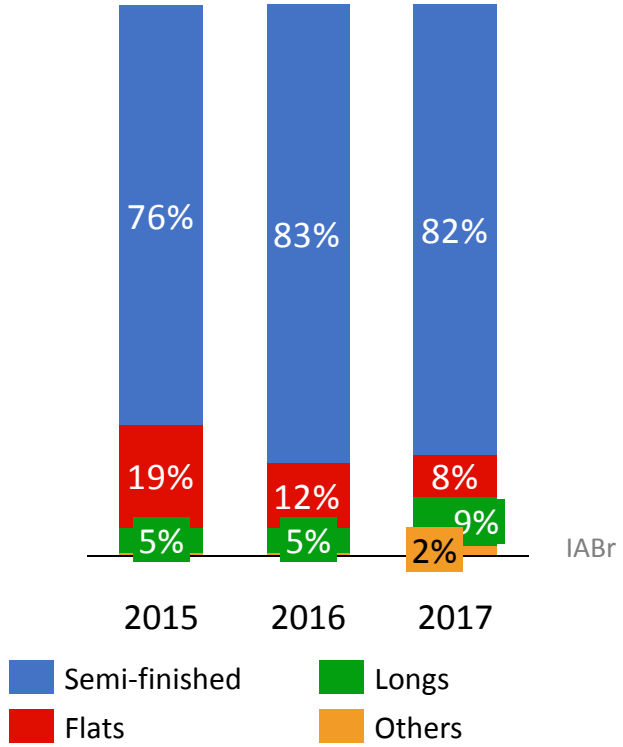
LARGEST STEEL EXPORTERS TO THE US



US Commerce Department

Surchages

BRAZILIAN EXPORTS TO THE US

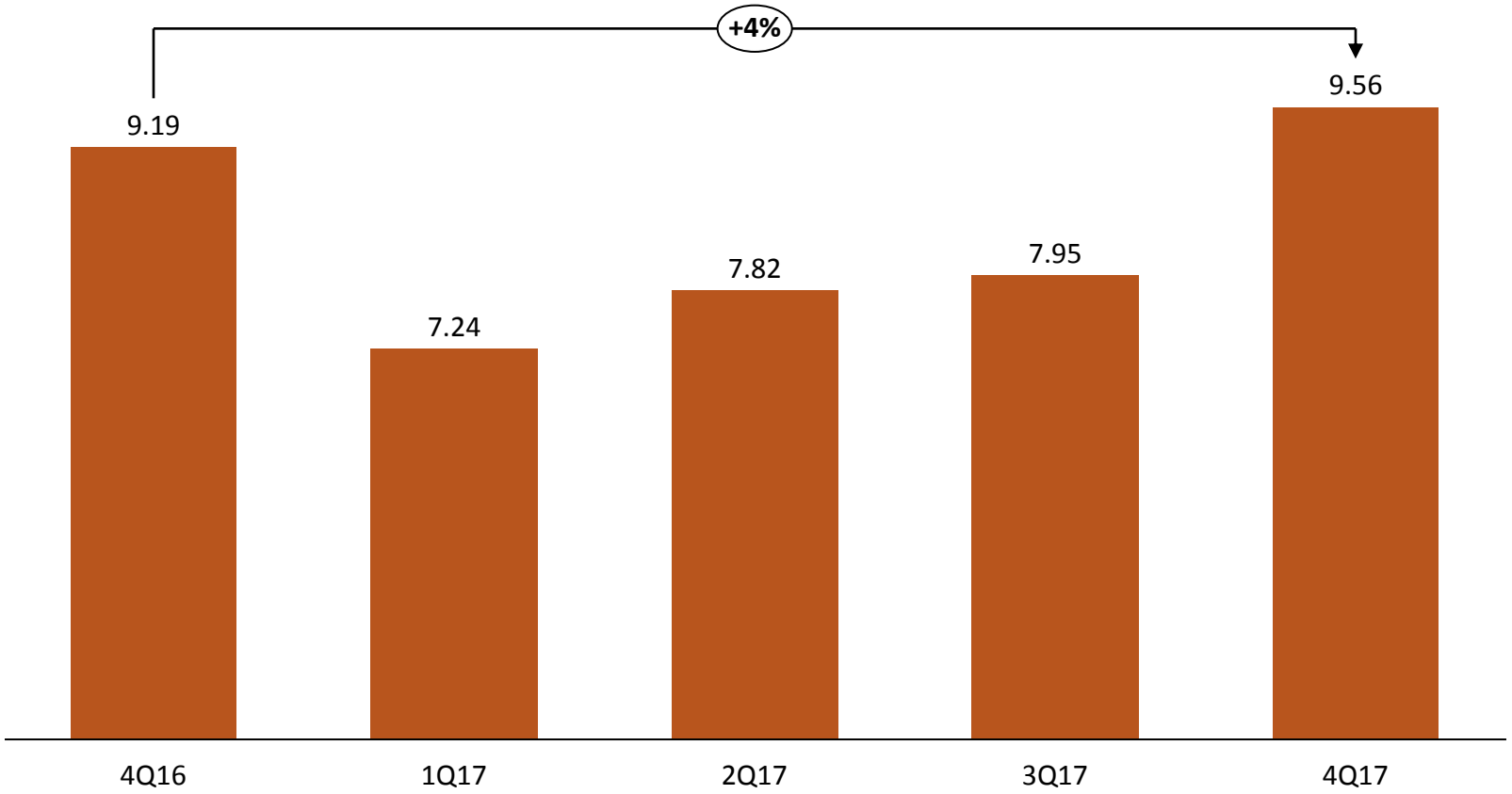


IABr

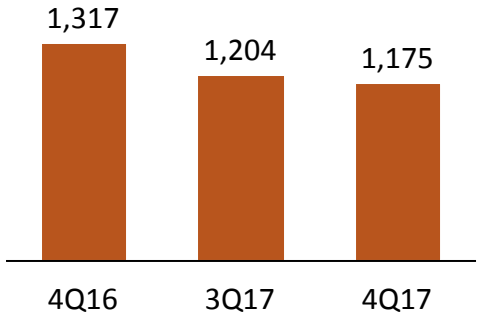
Mining Performance

Lower sales volume and better prices resulted in higher adjusted EBITDA at 11%

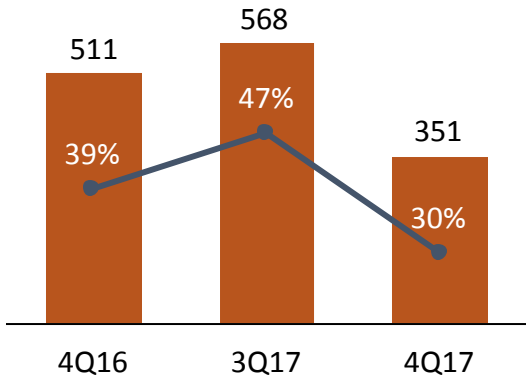
Total Sales Volume (million tons)



Net Revenue (R$MM)

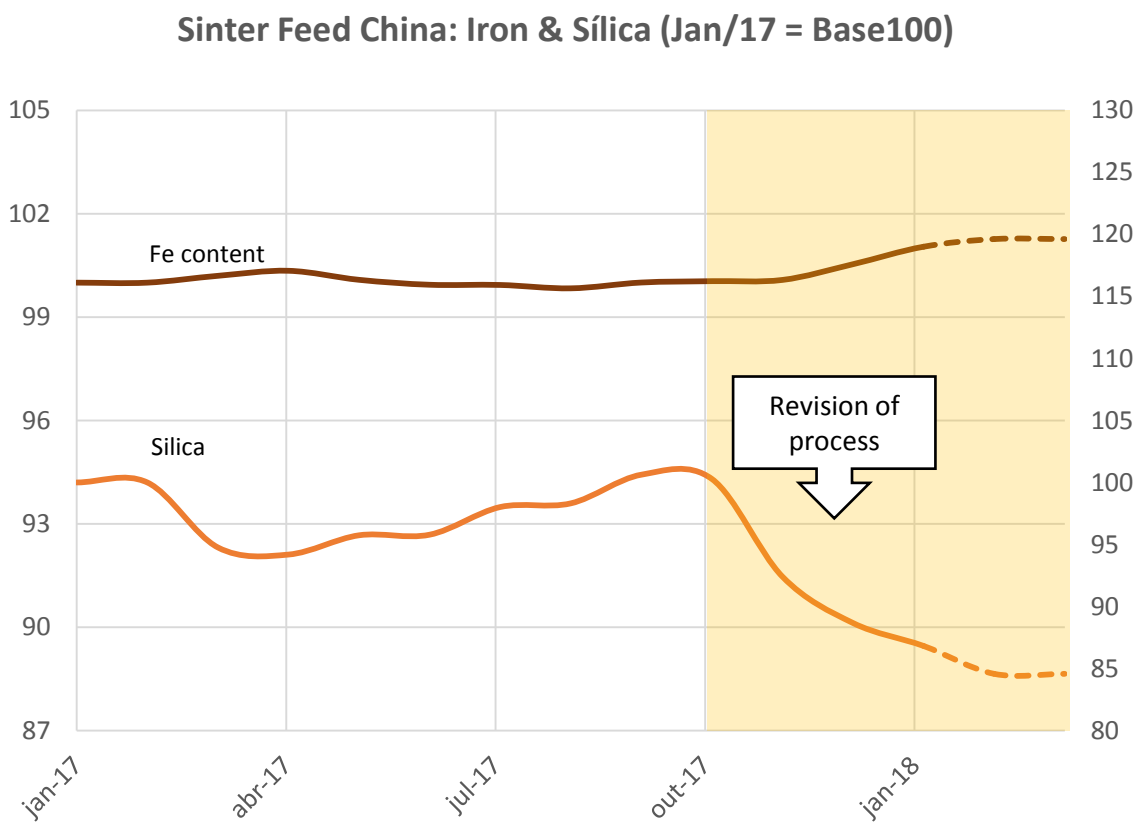


Adjusted EBITDA (R$MM) e Mg EBITDA (%)



Mining – Quality Evolution and Projects Impact

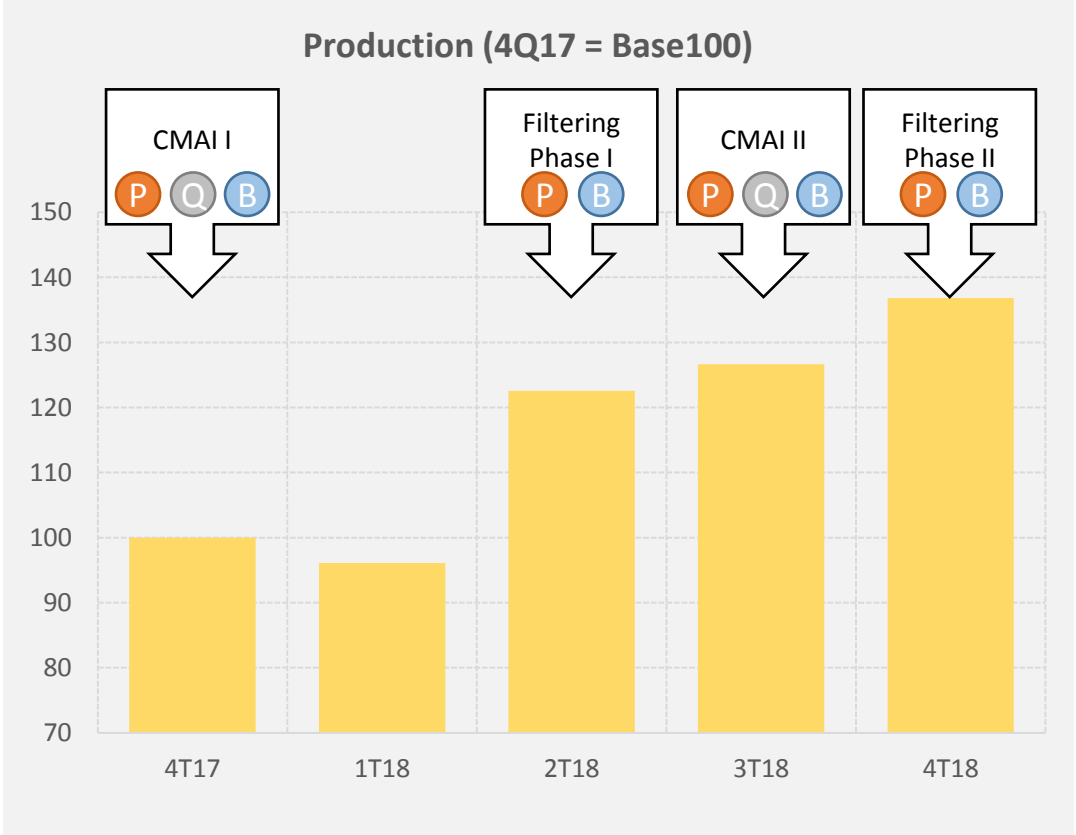
In line with market requirements, CSN Mining promoted a higher quality of exported product.



Subtitle:

Fe (%, esquerda) SIO2 (%, direita)

Finalized and developing projects will allow for a higher rate of production, associated with lower costs, less dependency on dams and current quality stability



Subtitle:

P Growth of production/ fixed cost diluition

Q Increase quality

B Reduces use of dams

Mineração – Tailing Dams Status

CSN Mining has acted proactively to ensure that its dams are compatible with the best safety standards.

CSN Mining

- Complex composed of 10 dams
- Currently, 3 dams are used for tailings disposal, the largest being the BCdP
- BCdP is constructed downstream (lower risk)
- Works to reinforce BCdP to be finalized in April / 2018
- Beginning of filtration plants will reduce need to use BCdP

Minérios Nacional

- Complex composed of 4 dams **not used** since the acquisition
- Decomissioning plan:
  - ✓ Phase1 (current-4T18): drainage of dams and construction of channel for diversion of the water course that supplies the structure
  - ✓ Phase2 (since 2S18): dam reinforcement works
  - ✓ Phase3 (since 2020): the concentration plant will start to use talings contained in the dams until the complete decommissioning and environmental recovery of the dams for integration of the site into the natural landscape

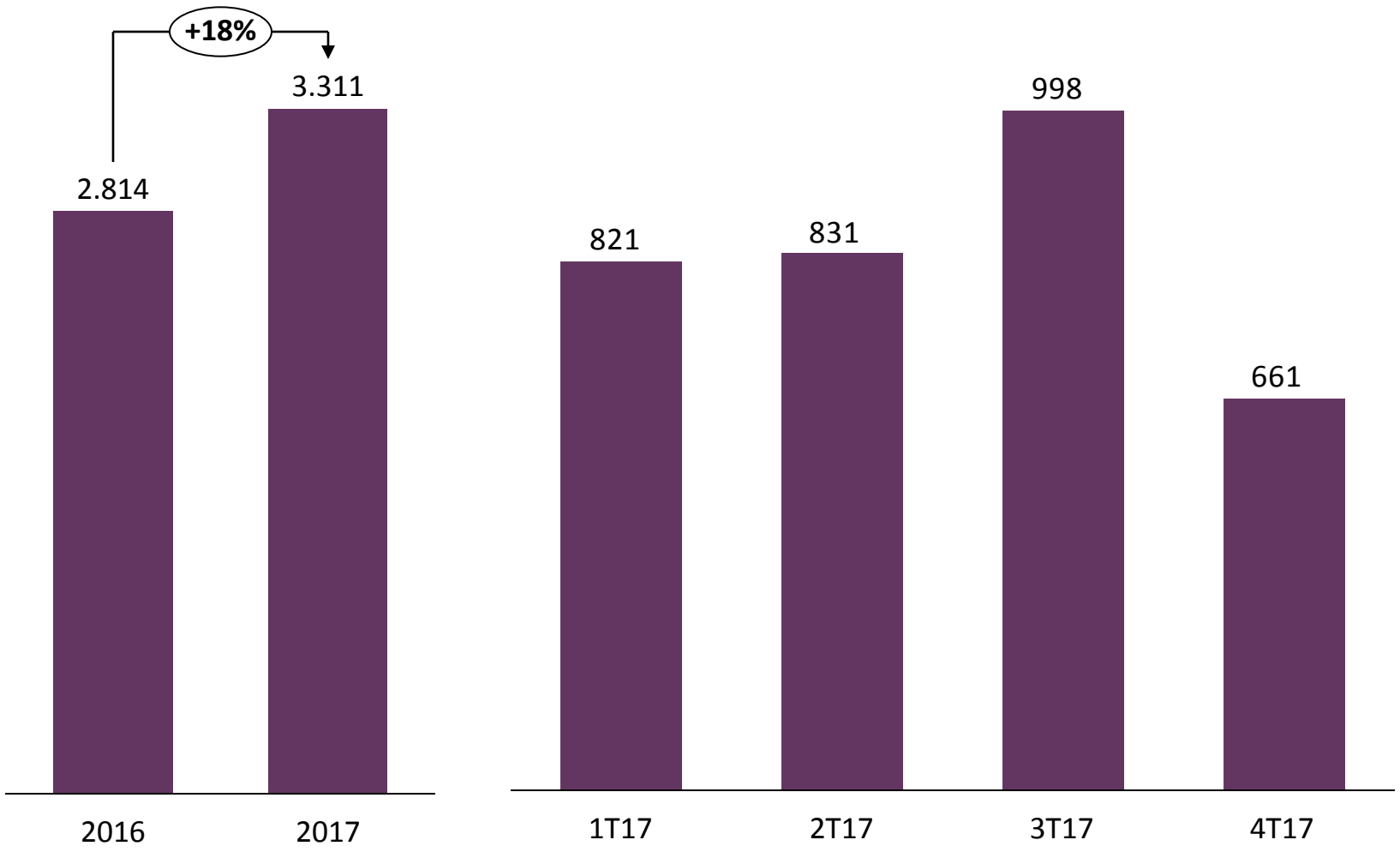
Institutional Initiatives

- The company reviewed its emergency response plan, considering new legal requirements and improvement of control devices
- Carrying out trainings, aiming at guaranteeing the safety of the residents and getting involved in any adverse situation
- Interaction with the competent bodies as state and municipal civilian defenses to maintain alignment of emergency plans

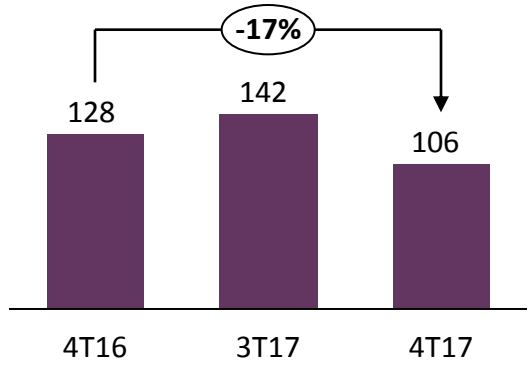
Cement Performance

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

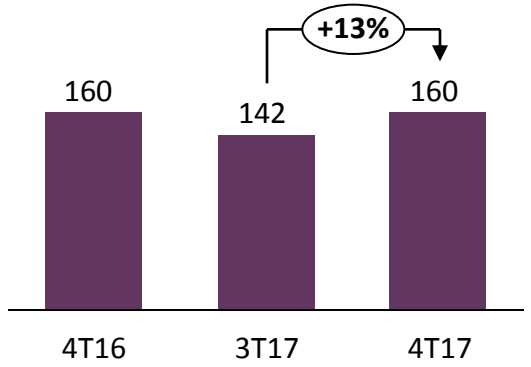
Cement Sales Volumes (mil/ton)



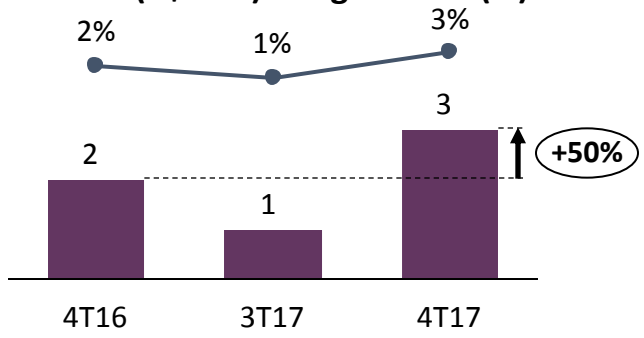
Net Revenue (R$MM)



Average Price (R$/t)



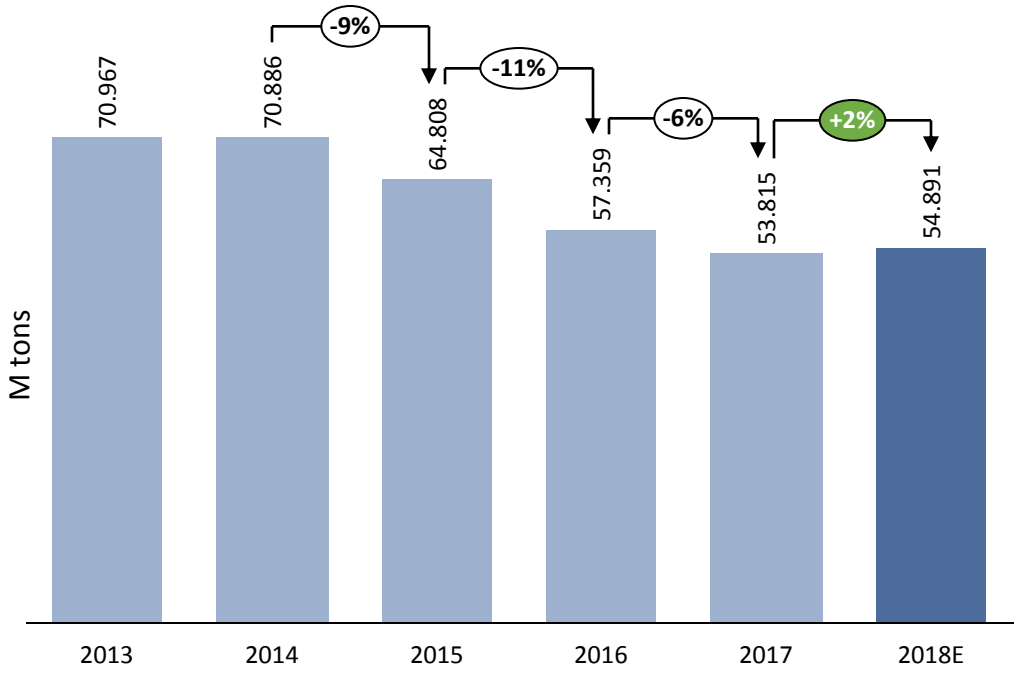
EBITDA (R$MM) e Mg EBITDA (%)



Cement - Perspectives

The decline in cement consumption has slowed in 2017 and consumption is expected to recover from 2018. CSN reduced its cash cost by 17% YoY and is prepared for higher profitability in a recovering market

Accumulated 12 month sales – Domestic market – Brazil
(preliminary sales & market estimates)

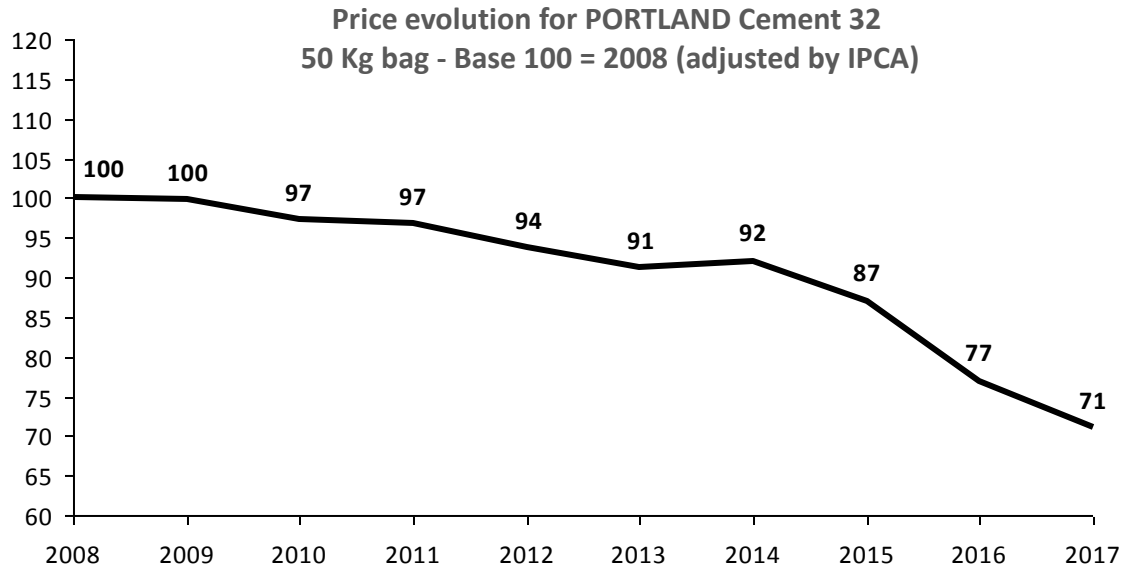


Source: SNIC

International Cement Prices

Current prices in Brazil are below market reference. We expect recovery in 2018 and through following years:

- *US = 90 to 120 U$/t*
- *Europe = 90 to 100 U$/t*
- *China = 40 to 50 U$/t*
- *Brazil (Southeast) = aprox. 50 U$/t*



Fonte: CBIC

Corporative Informations

- Website: www.csn.com.br/ri
- E-mail: invrel@csn.com.br

Investor Relations

- Marcelo Ribeiro– Executive Officer
- IR Team: Leonardo Shinohara, Jose Henrique Triques, Carla Fernandes e Bruno Souza

Companhia Siderúrgica Nacional

Fazer bem,
Fazer mais,
Fazer para sempre.