CSN

Companhia Siderúrgica Nacional



Earnings Presentation

October 31, 2017

Disclaimer

Certain statements contained herein are speculation or trends and forward-looking statements based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events, which do not constitute actul projections. In fact, actual results, performances or events may differ materially from those expressed or implied by the forward-looking statements, as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate 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 (on a global, regional or national basis).

2015 Restatement

- Business combination between CSN Mineração and Namisa;

  - Adjustments of assumptions in the valuation reports;

- Write-off of deferred income tax assets;

  - Write-off of tax credits recognized in the balance sheet;

Consolidated Results - 2016 vs. 2015

R$ million	2015	2016	Change
IFRS Net Revenue	**15,262**	**17,149**	**12%**
Gross Profit	**3,522**	**4,509**	**28%**
Adjusted EBITDA	**3,251**	**4,075**	**25%**
Adjusted EBITDA Margin	**20%**	**22%**	**2%**
Net Income (Net Loss)	**(1,216)**	**(853)**	**29%**
Adjusted Gross Debt	**35,361**	**31,593**	**-11%**
Adjusted Net Debt	**26,499**	**25,831**	**-3%**
Net Debt/Adjusted EBITDA	**8.2x**	**6.3x**	**1.9x**

Comments:

- Adjusted debt does not consider forfaiting and drawee risk operations.
- Adjusted EBITDA and adjusted net debt have included 100% of Congonhas Minérios, 37.27% of MRS and 50% of CBSI as of December 2015.

Disclaimer

The financial information related to the first, second and third quarters of 2017 described herein is preliminary and unaudited and is, therefore, subject to adjustments and changes as a result of the independent auditor's review.

Operational & Financial Highlights

- **Steel Net Revenue** of R$9,5 Bi, 11% higher 9M17 X 9M16
- **46% participation growth in automotive sector**, 9M17 X 9M16
- **10% decrease in plate cash cost** from 2T17 to 3T17
- **Mining Net Revenue** of R$3,4 Bi, 6% increase 9M17 X 9M16
- **IO price 37% higher** compared 9M17 X 9M16
- **Relevant participation of 15% on cement's Market share** in southeast region
- **Reduction of R$662M in working capital**, 3T17 X 2T17

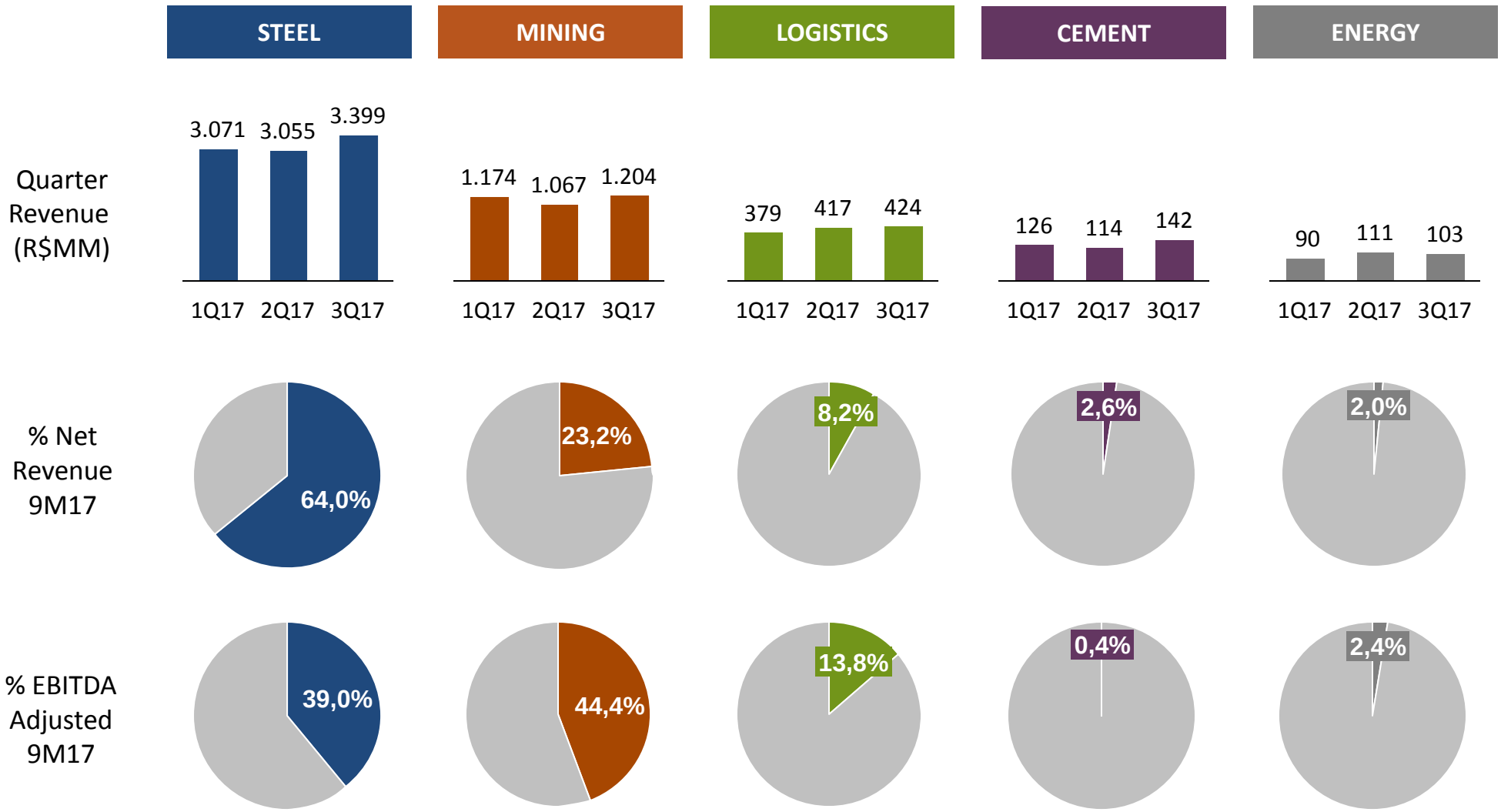
Consolidated Results

R$ million	1Q17	2Q17	3Q17	9M16	9M17
IFRS Net Revenue	4,412	4,311	4,810	12,662	13,532
Gross Profit	1,318	985	1,213	3,161	3,516
Adjusted EBITDA	1,333	896	1,213	2,826	3,441
Adjusted EBITDA Margin	29%	20%	24%	21%	24%
Net Income (Net Loss)	118	(640)	256	(797)	(266)
Adjusted Gross Debt	30,623	31,299	30,075	31,504	30,075
Adjusted Net Debt	25,477	26,754	25,717	25,842	25,717
Net Debt/Adjusted EBITDA	5.4x	5.7x	5.5x	7.4x	5.5x

Comments:

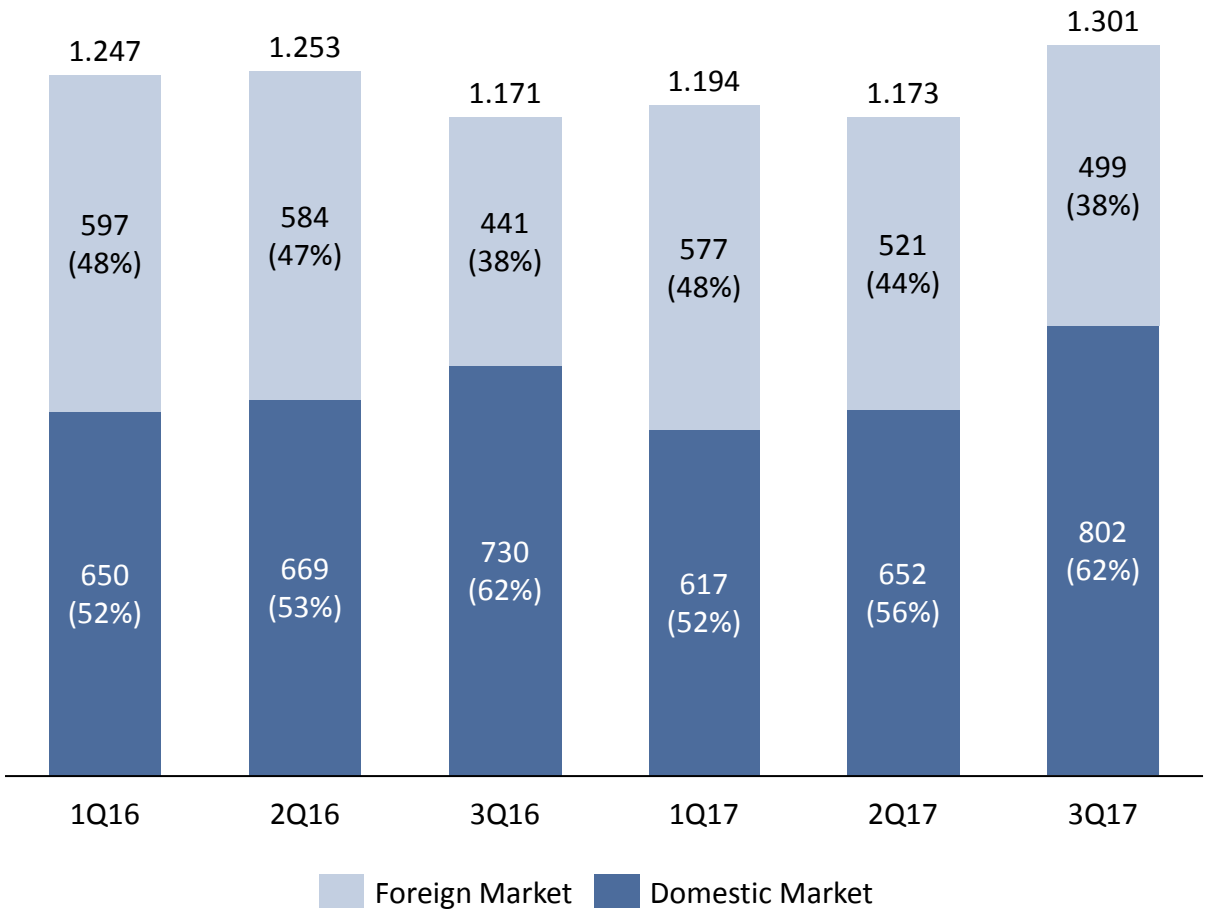
- Adjusted debt does not consider forfaiting and drawee risk operations.
- Adjusted EBITDA and adjusted net debt have included 100% of Congonhas Minérios, 37.27% of MRS and 50% of CBSI as of December 2015.

Results by Segment

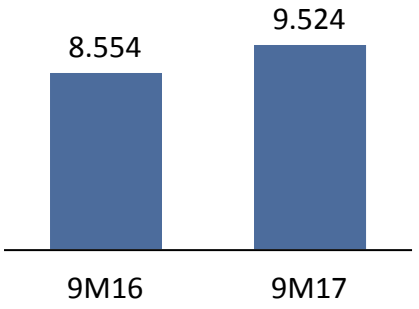


Steel Performance

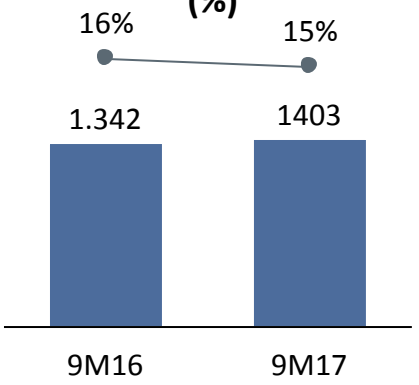
Sales Volume (thousand tonnes)



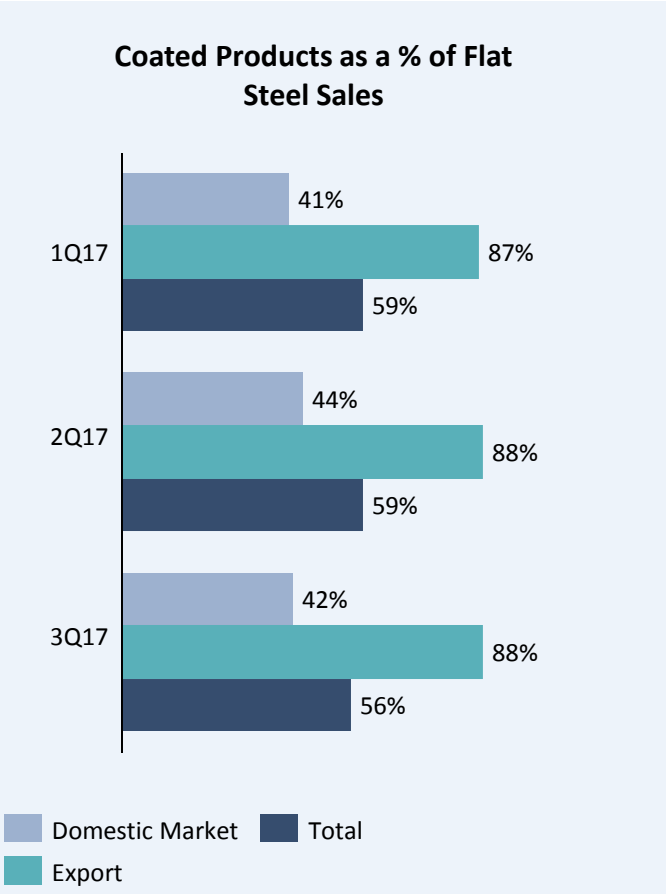
Net Revenue (R$ million)

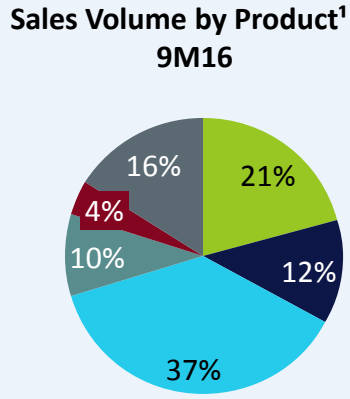


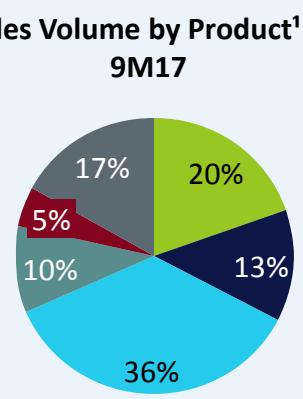
EBITDA (R$ million) and Adjusted EBITDA Margin (%)

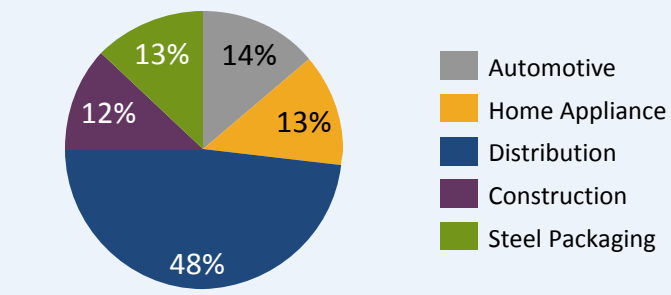


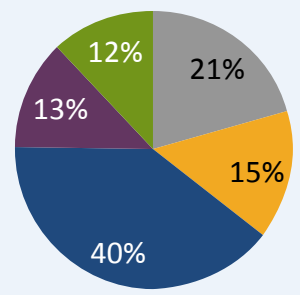
Steel Performance







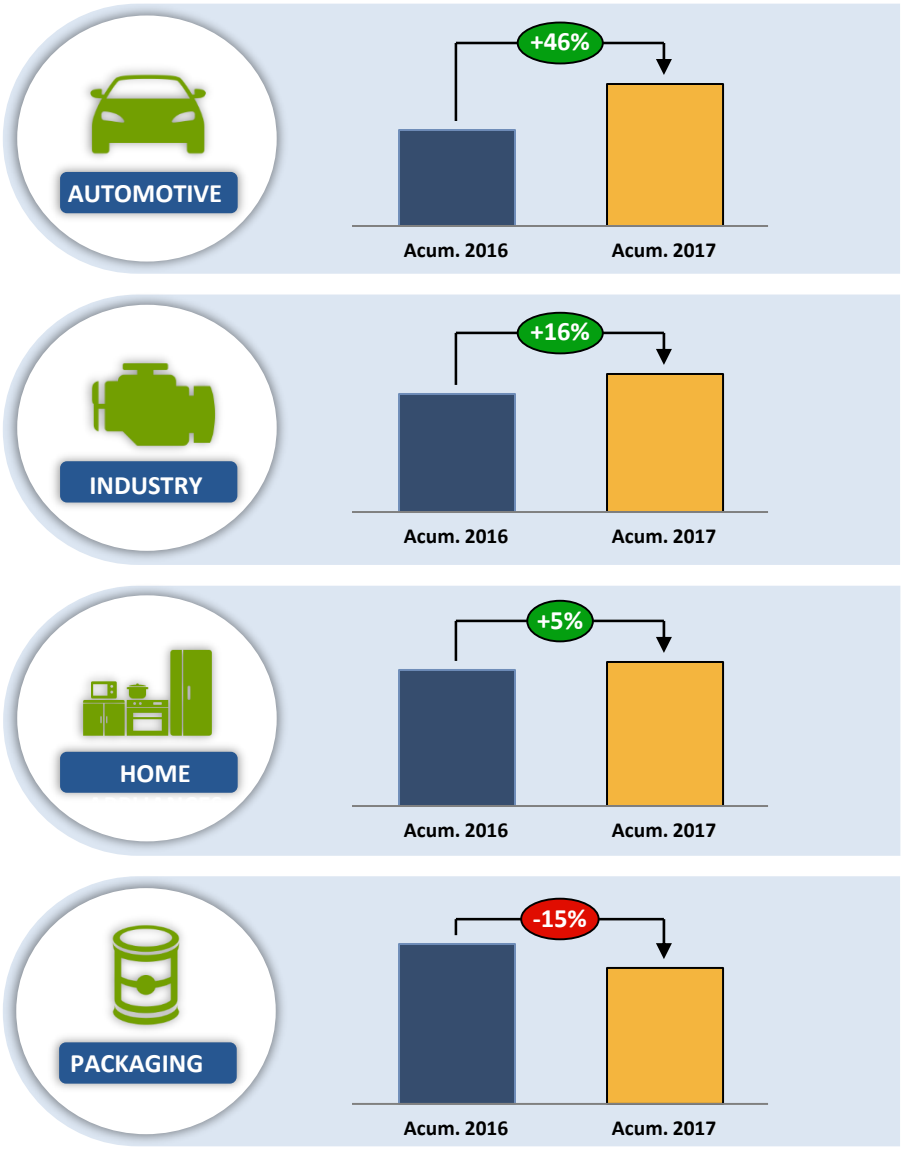




(1) Sales by product - total market
(2) Sales by segment of CSN Parent Company does not include WT, CSN LLC or Lusosider

CSN performance

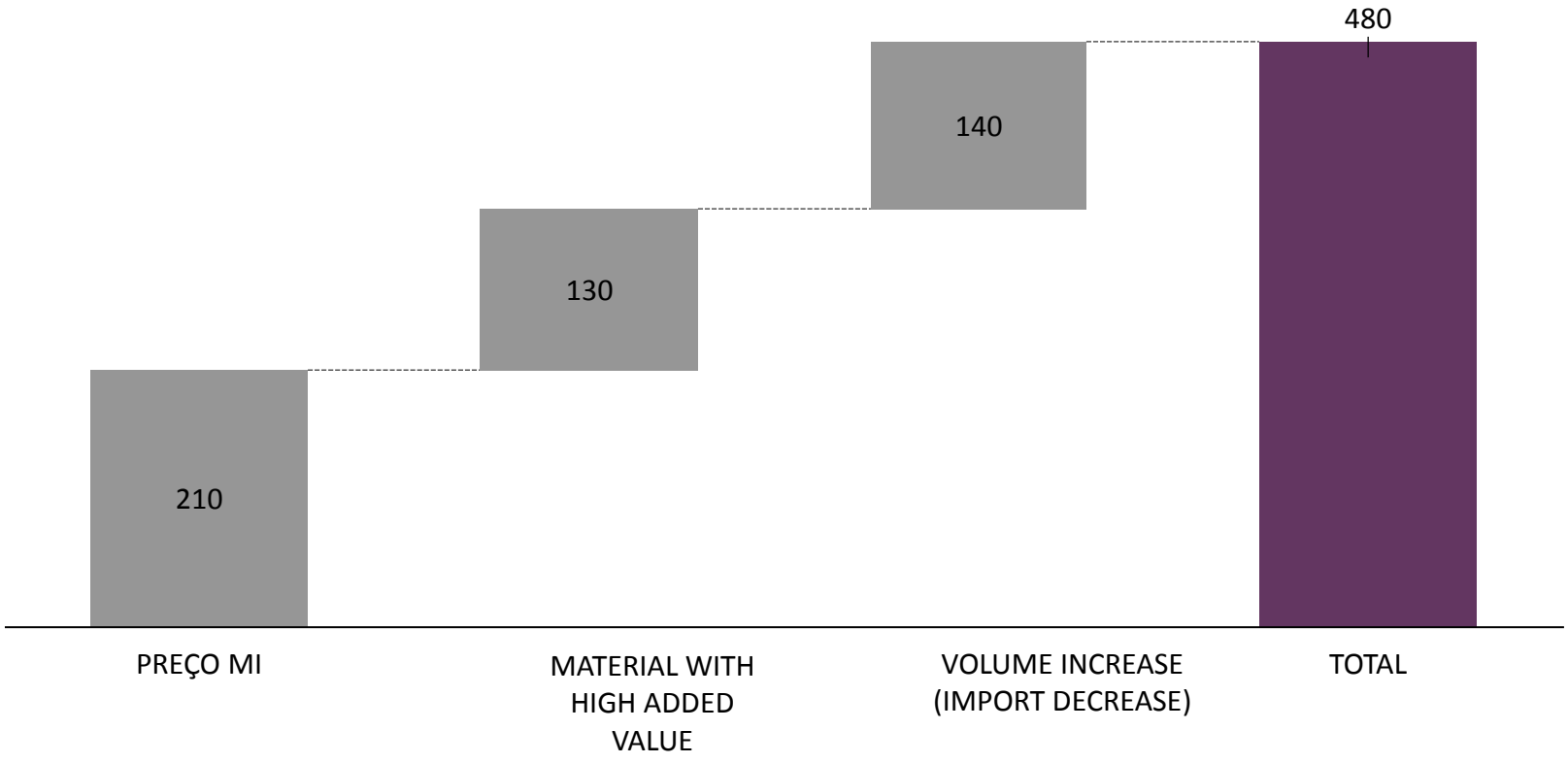
*Sale Volume



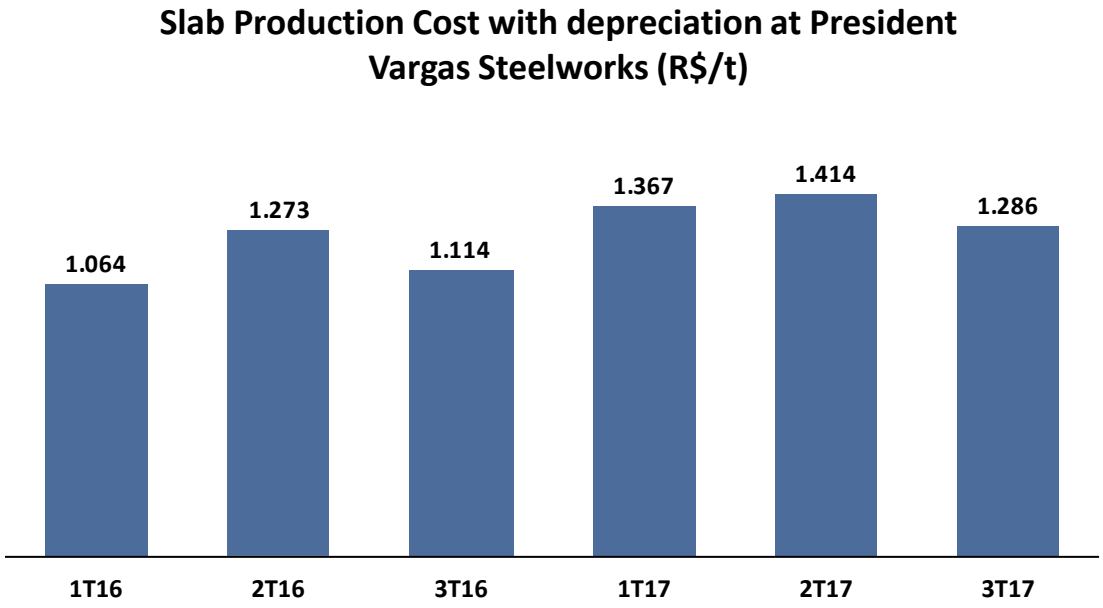
Short-Term Prospects

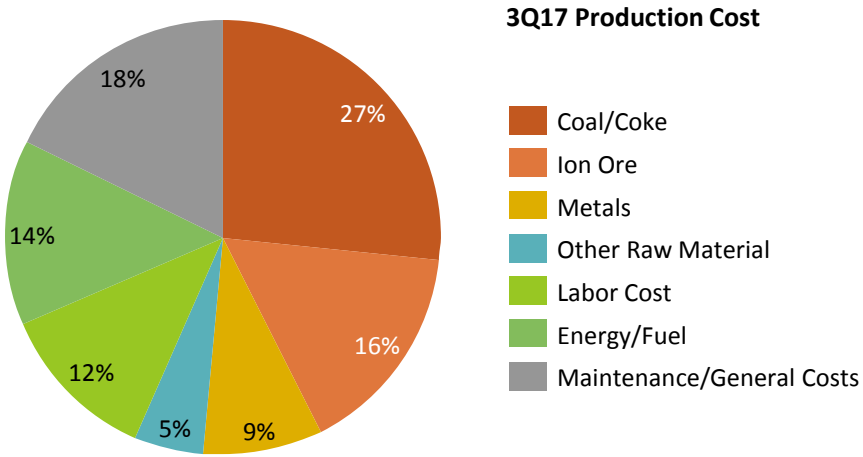
Comercial opportunity to improve EBITDA – (R$ million)

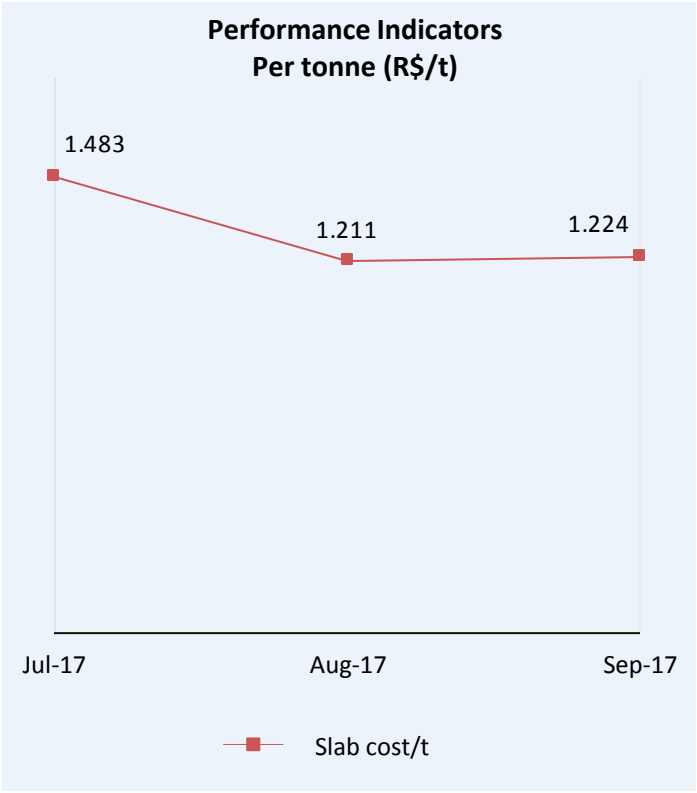
- **Mix Recovery - 85% Domestic Market**
- **Maximization of Added Value**
- **Price Recovery**



Steel Cost Competitiveness







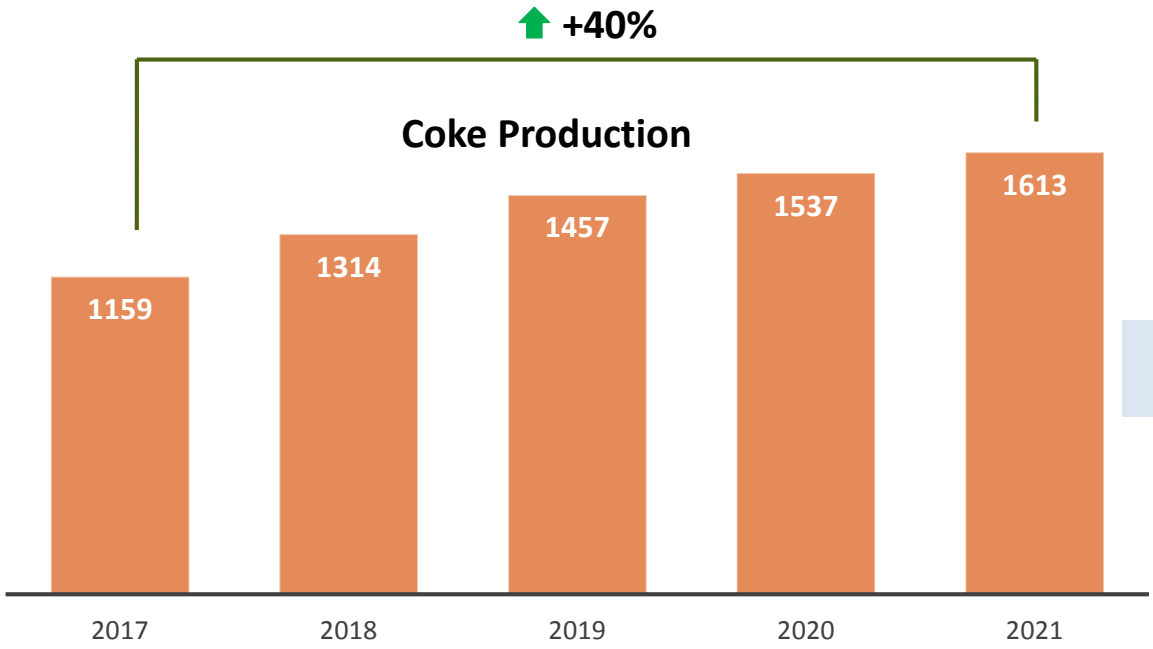
Short-Term Prospects

- ✓ Increase in coke plant production from 920kt in 2016 to 1,159kt in 2017
- ✓ Coke rate - Reduction of 33kg/t and R$70.1 million in the second half compared to the first half;
- ✓ Increase in slab production in the third quarter compared to the first half;
- ✓ Reduction in quality problems in 19%

→ **Impact on Slab Costs: Reduction from 6% to 8%**

Medium/Long-Term Prospects

- ✓ Reduction of slab production cost to increase coke production
- ✓ Capex: R$ 250 Million in 4 years



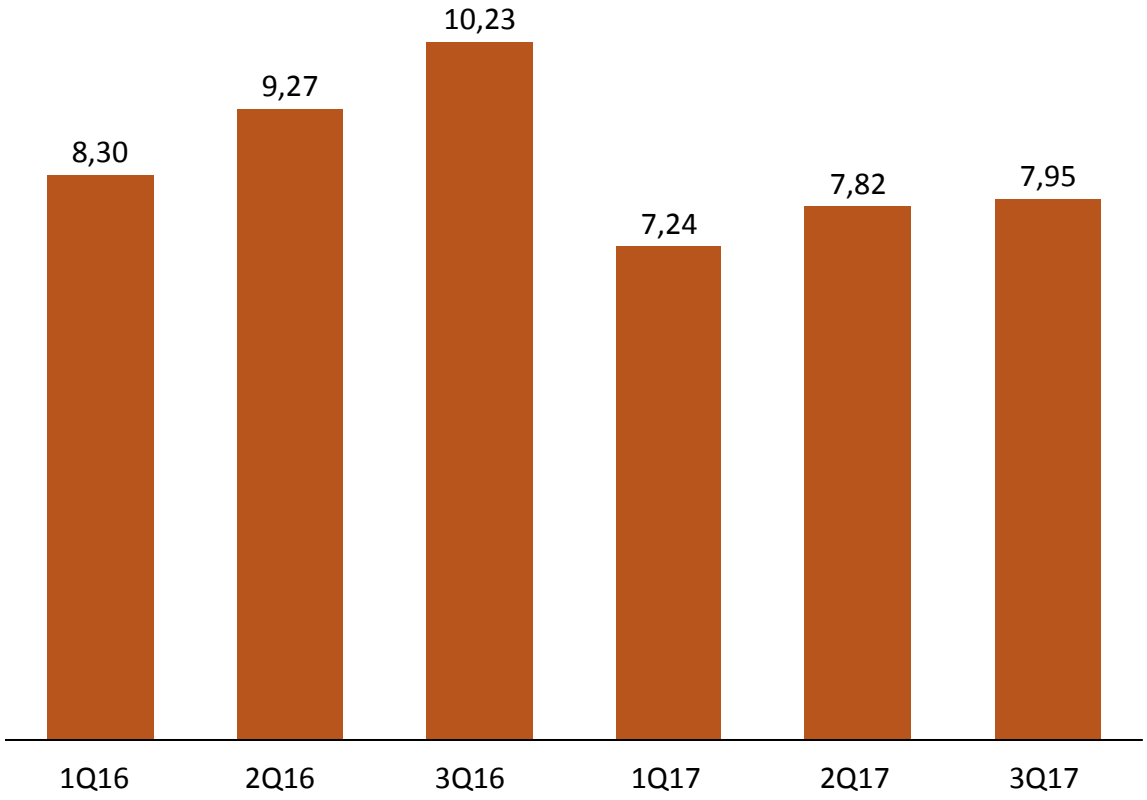
Overall Impact on Slab Costs:
Reduction of 3% to 5%

- ✓ Increase in production Steel: Mini AF#3 renovation ➡ 15% production increase (400mt of slab/year)
- ✓ Capex: R$ 205 Million in 2018

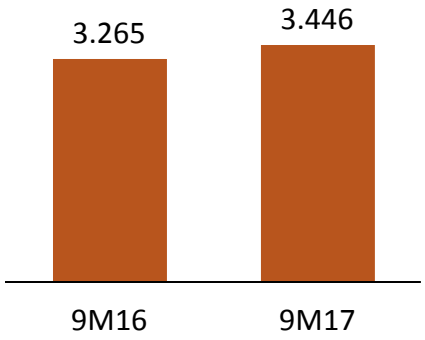
Mining Performance

Total Sales Volume (million tonnes)

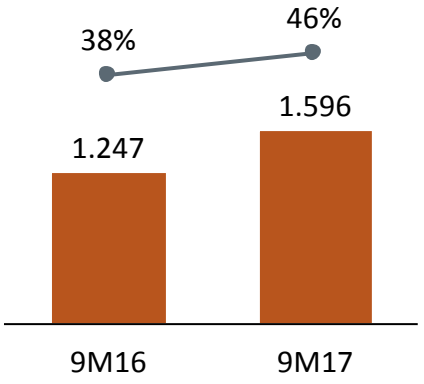
Shipped Volume
9M16: 24,943
9M17: 20,435 (-18%)



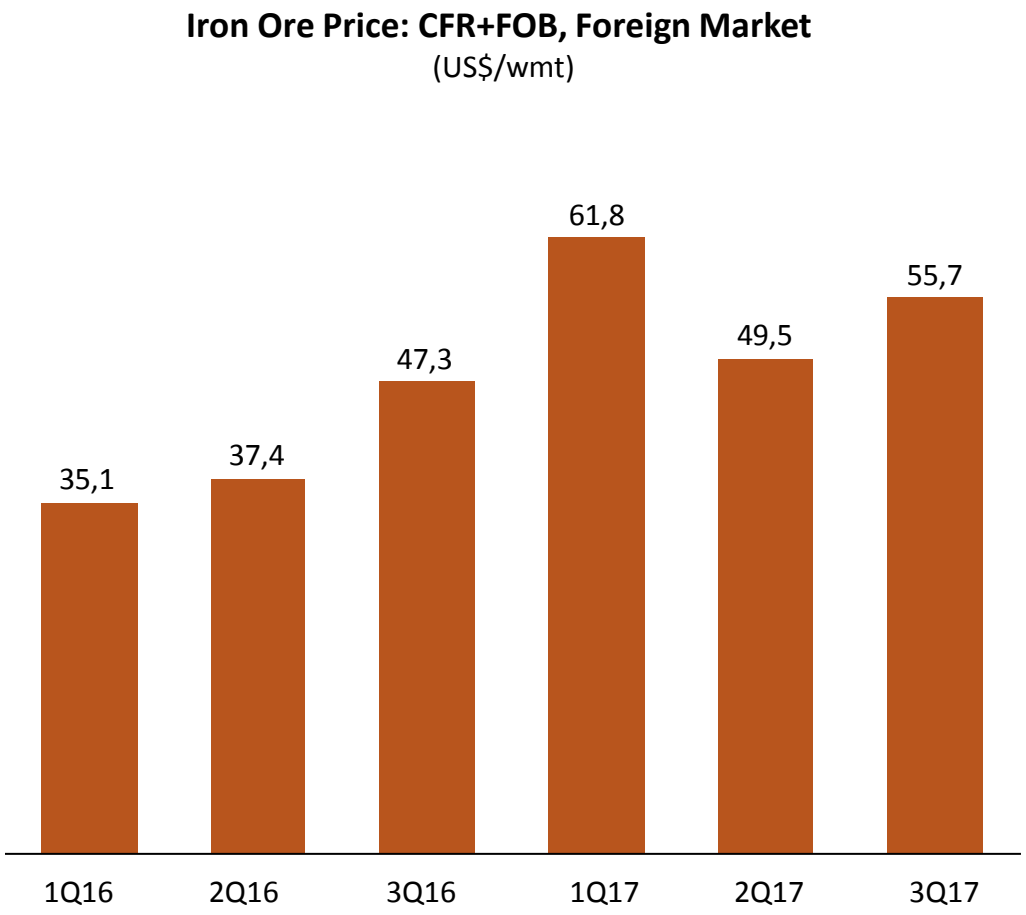
Net Revenue (R$ million)

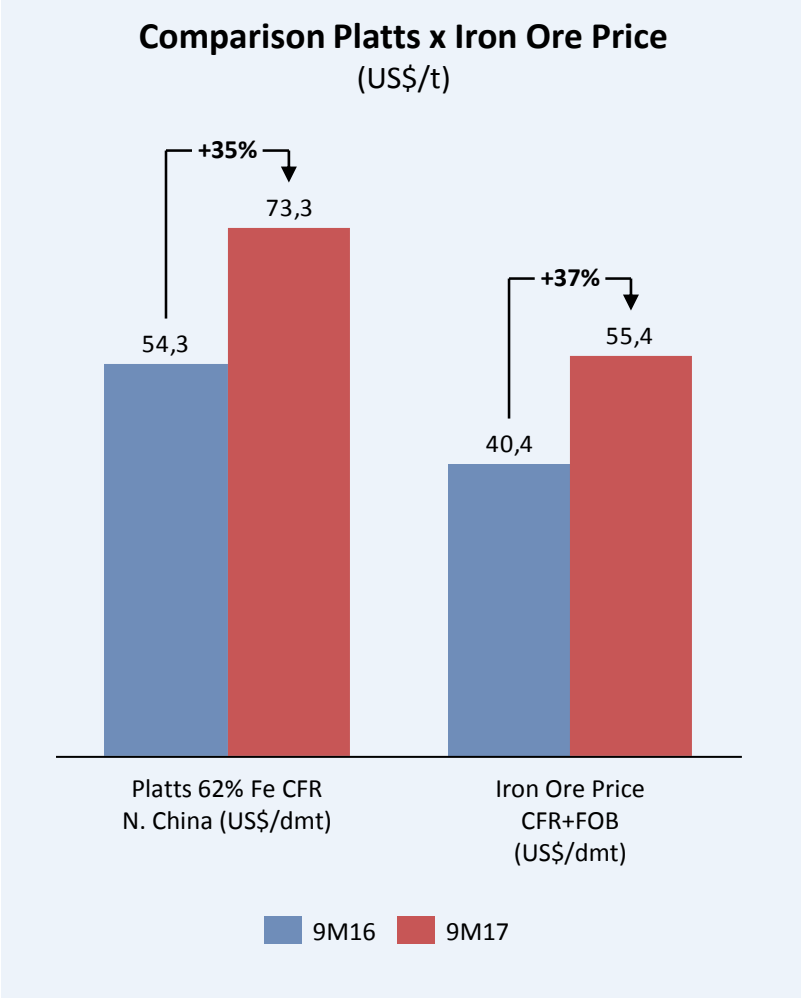


Adjusted EBITDA (R$ million) and Adjusted EBITDA Margin (%)



Mining Cost Competitiveness





Short-Term Prospects

Engenho's Mine

- Active: neighboring Casa de Pedra, Engenho's Mine has reserves estimated at 300 million tons of ore (run-of-mine)
- Mining work restarted in June 2017 after the clearance from environmental agencies
- Impact: restores significant option of hematite mining and reduces the average distance to transport the run-of-mine (processing in mobile units and in Pires)



Casa de Pedra: CMAIs

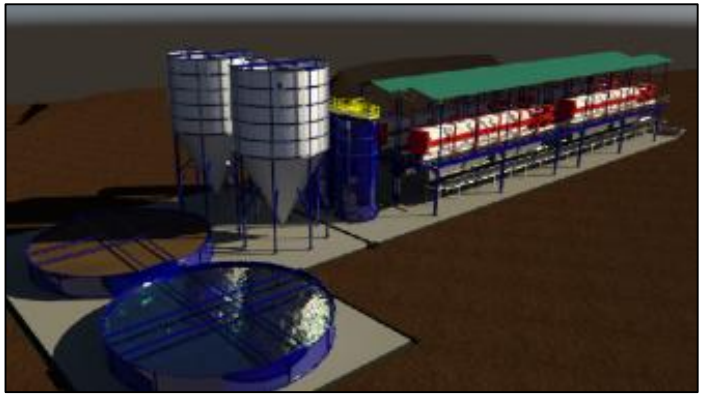
- Project: building a unit of High-Intensity Magnetic Concentrator (CMAIs) to process tailings from B4 and B5 dams and from the Main Unit
- Production: 1.5 Mtpa of iron ore concentrate
- CAPEX: R$94 million
- Start-up: September 2017 (CMAI I), July 2018 (CMAI II)
- Impact: expands the useful life of the dam system of the Casa de Pedra, quality gain to CSN's product



Short-Term Prospects

Casa de Pedra: Filtration Unit

- Project: building two units to filter iron ore's tailings from the Main Unit and from the High-Intensity Magnetic Concentrator (CMAI) of the B4/B5 dams
- CAPEX: R$165 million
- Start-up: March 2018 (Filtration I), July 2018 (Filtration II)
- Impact: expand the useful life of the dam system of the Casa de Pedra



Fernandinho: CMAI

- Project: Implementation of a High-Intensity Magnetic Concentrator (CMAI) to process tailings from Fernandinho's tailing piles and dams.
- Production: 0.7 Mtpa of iron ore concentrate
- CAPEX: R$27 million
- Start-up: November 2017
- Additional impact: quality gain in CSN's product
- Fernandinho's Mine has audited resources of 178 Mt (run-of-mine)

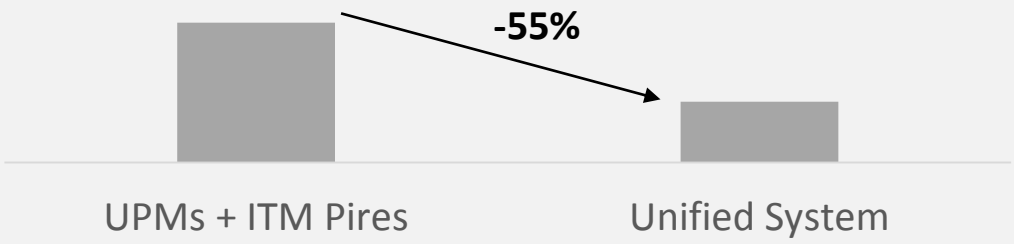


Medium-Term Prospects

Casa de Pedra: Dry Production:

- Project: Iron ore crushing and screening plan to process friable ore (HBA)
- Production: 8 Mtpa of dry sinter feed and granulated
- CAPEX: R$82 million
- Status: hiring of conceptual and basic engineering has been approved
- Start-up: July 2019

Cash cost reduction per car (8Mtpa)



Project: Conceptual Photo



Medium/Long-Term Prospects

Cayman

- Iron ore deposit with great potential for sinter feed production
- Approved investment in evaluation in 2018
- Preliminary studies indicate reserve volume of over 200Mt (high-quality ROM)



Medium/Long-Term Prospects

ERSA

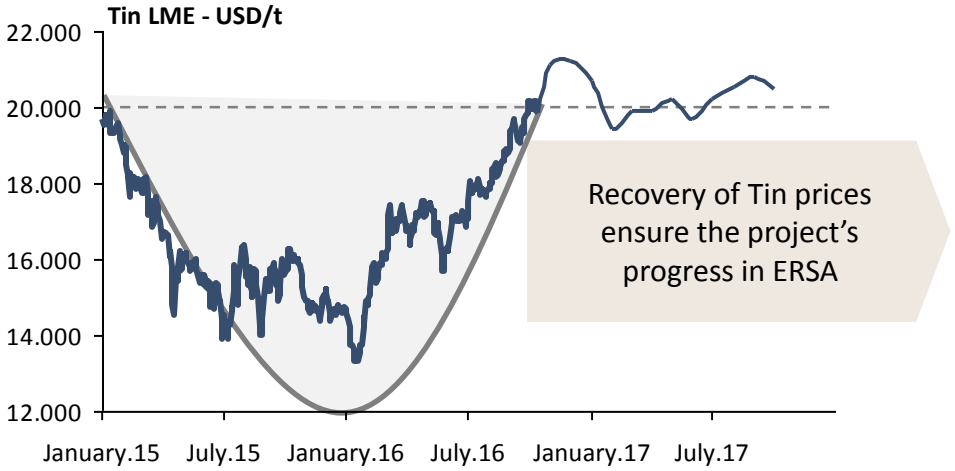
Assets

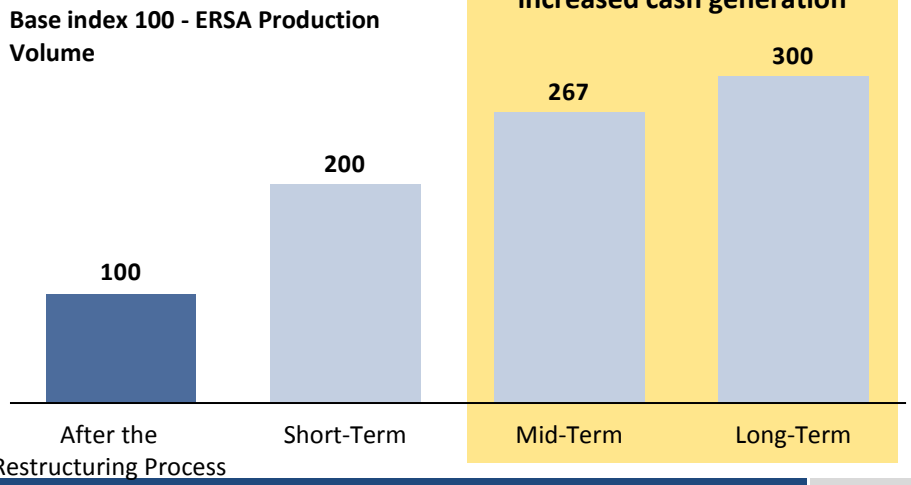
- Estanho de Rondônia S/A (ERSA) consists of the Santa Barbara mine, in the city of Itapuã do Oeste, and the foundry located in Ariquemes. Cassiterite is extracted at the mining unit. In Ariquemes, the cassiterite is fused and transformed into tin.
- The company undergoes through a restructuring process since 2016, including the change in production layout, acquisition of new mine equipment and investments in research and development.

Initiatives with medium-term impact

- Opening of simultaneous mining fronts to increase production capacity
- Mine evaluation in order to update tin reserves
- Product portfolio expansion

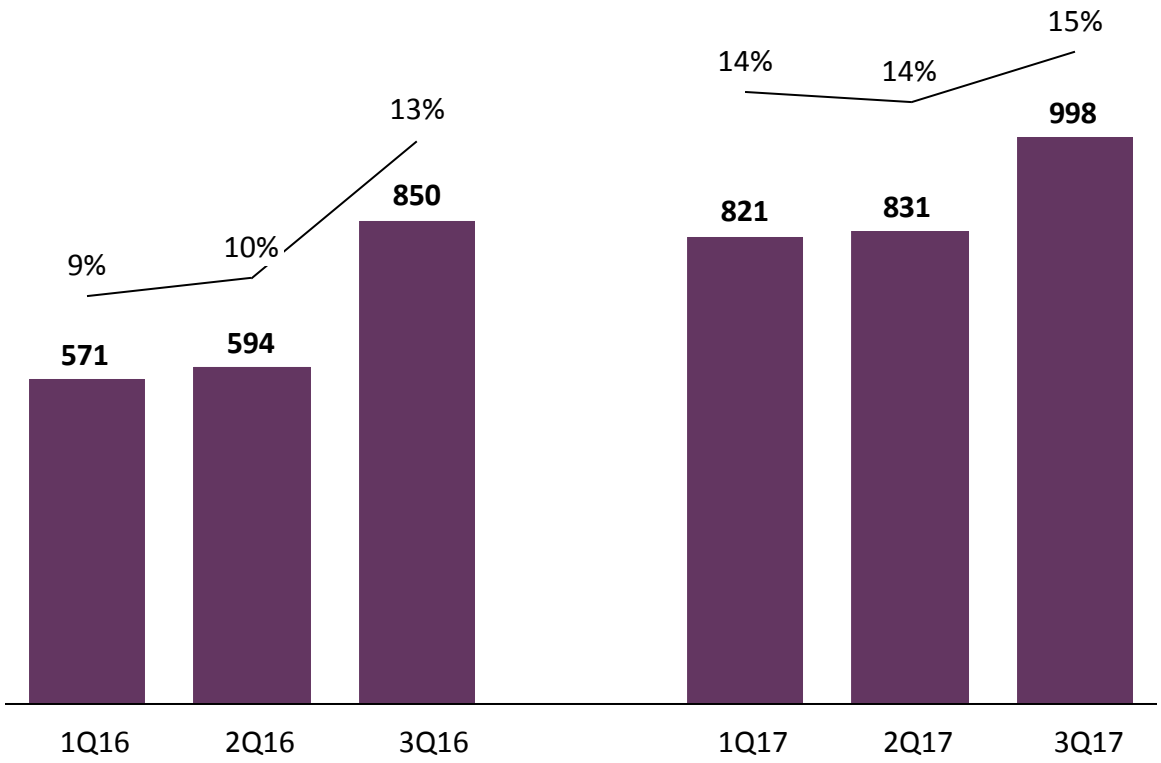




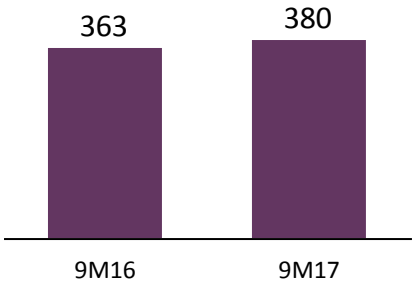


Cement Performance

Sales Volume (thousand tonnes) and Estimated Market Share (%)
CSN – SE Region



Net Revenue (R$ million)



CSN Market Performance

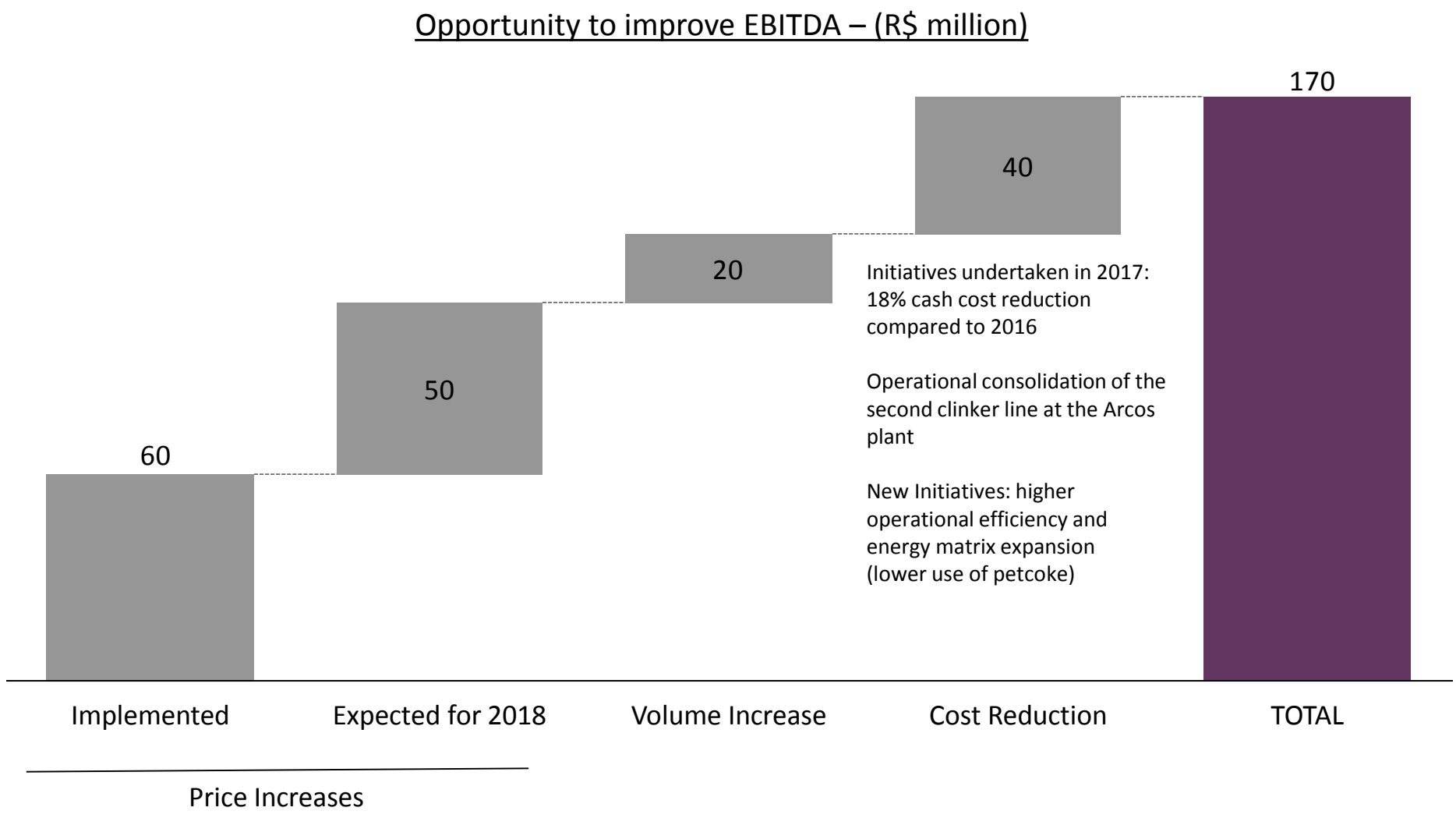
15% customer base growth.

- *Strategy of diversification, focusing sales on higher-margin markets, such as cement in bags;*

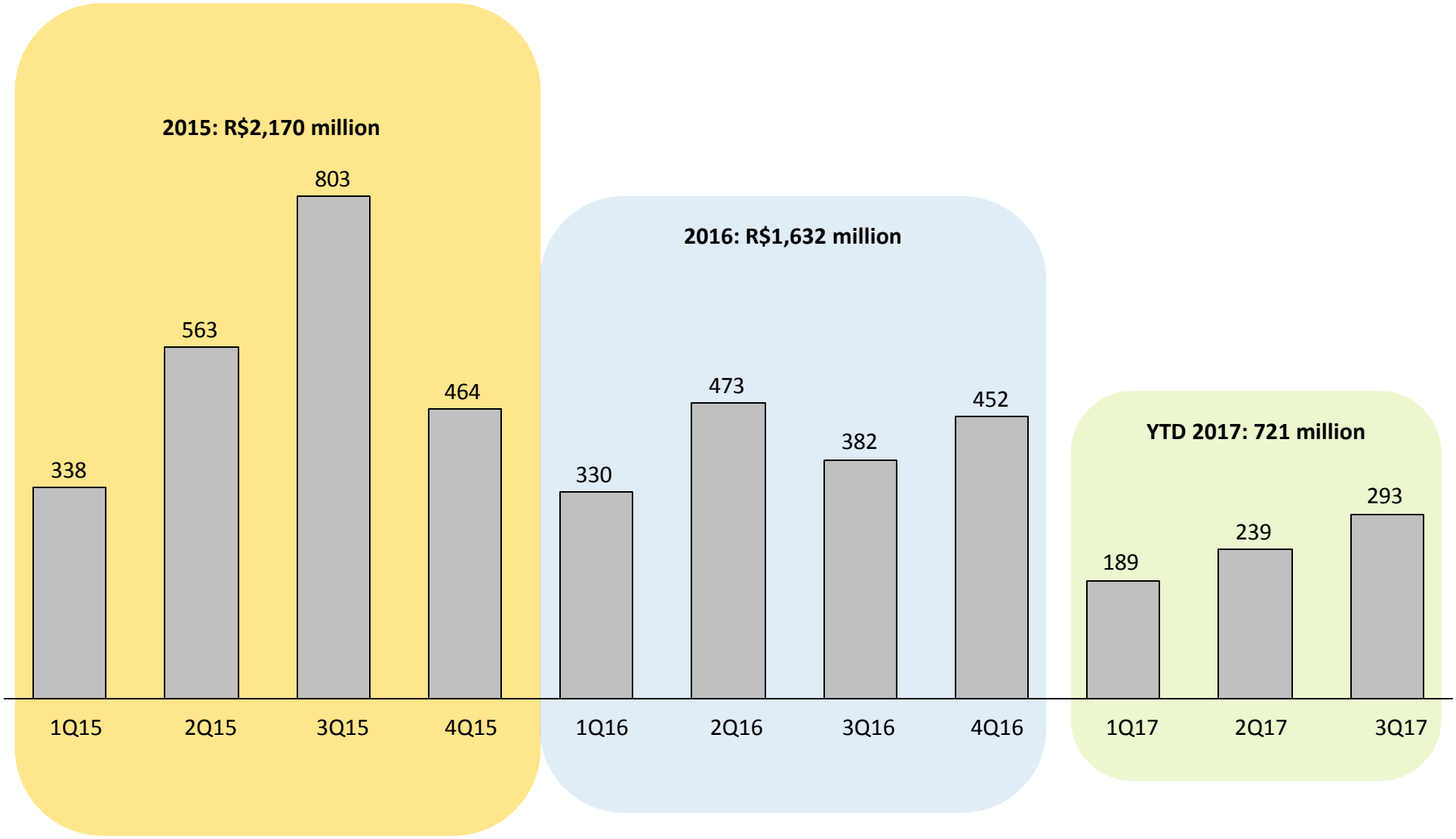
28% increase in the number of **cities served.**

Price recovery in the second half of 2017 – 24% over Dec/2016.

Short-Term Prospects



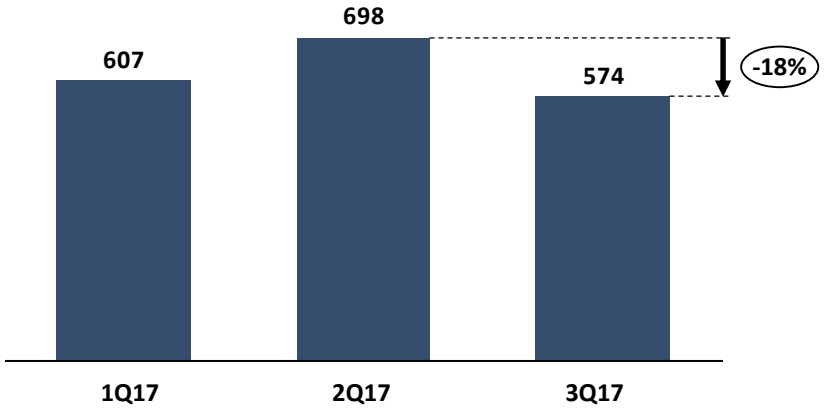
CAPEX - CSN's Consolidated Investments (R$ million)



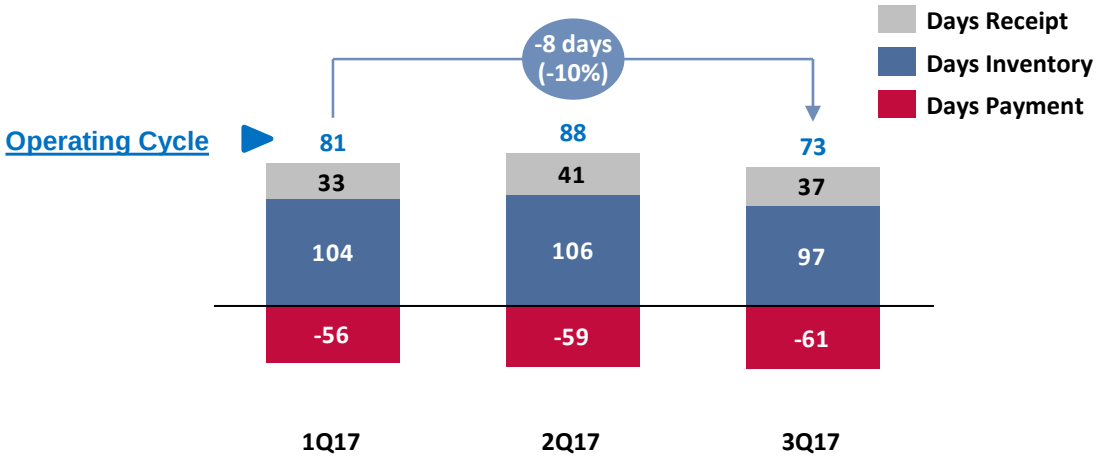
Working Capital

Working Capital (R$ MM)	1Q17	2Q17	3Q17	Change	
				3Q17 x 2Q17	3Q17 x 1Q17
Receivables	1,849	2,300	2,127	(174)	278
Stocks	3,562	3,744	3,545	(199)	(17)
Suppliers	1,934	2,078	2,250	172	315
Working Capital	3,031	3,597	2,935	-662	-96

Inventory of Finished Products in the Steel Industry (thousand tons)

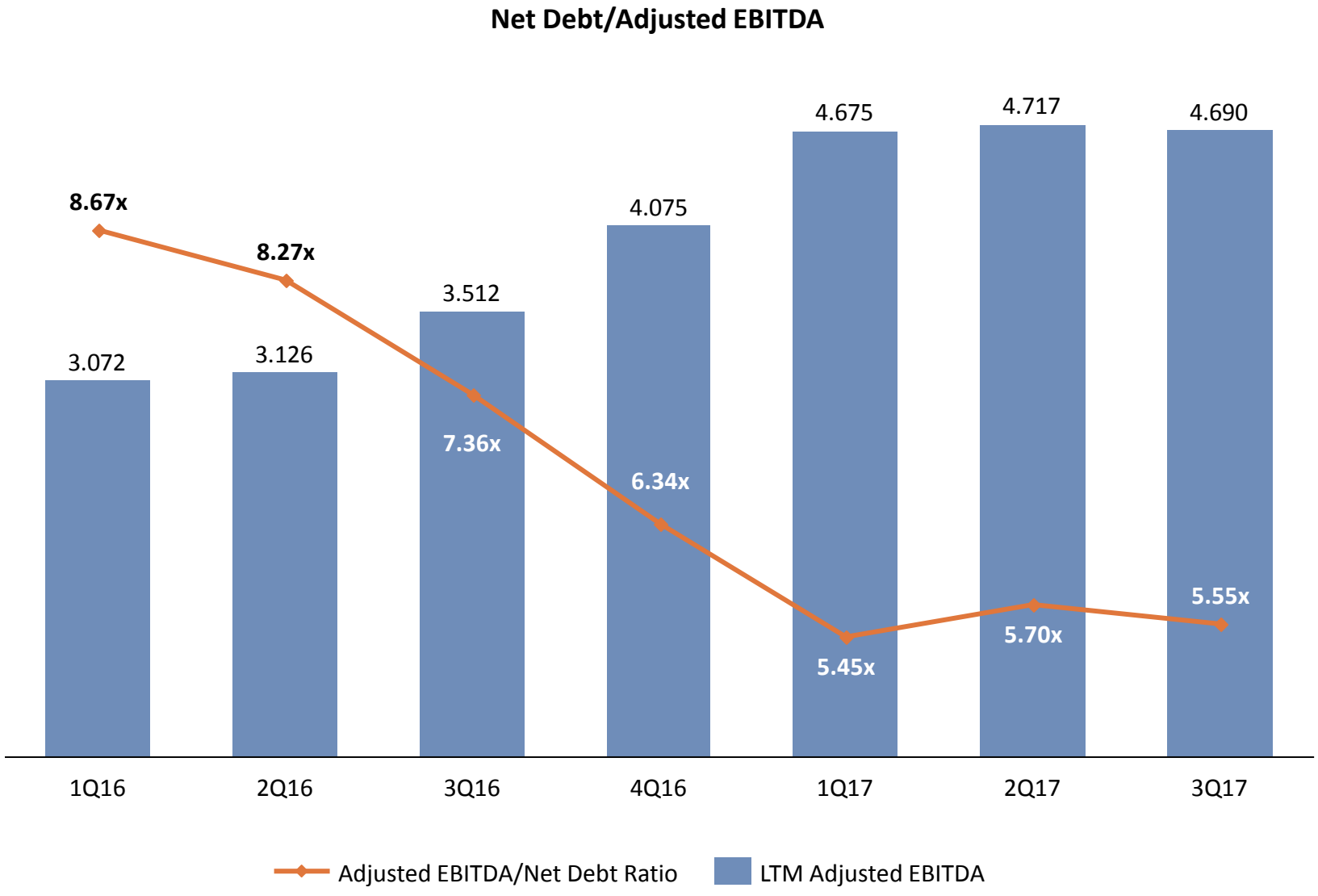


Average term (in days)

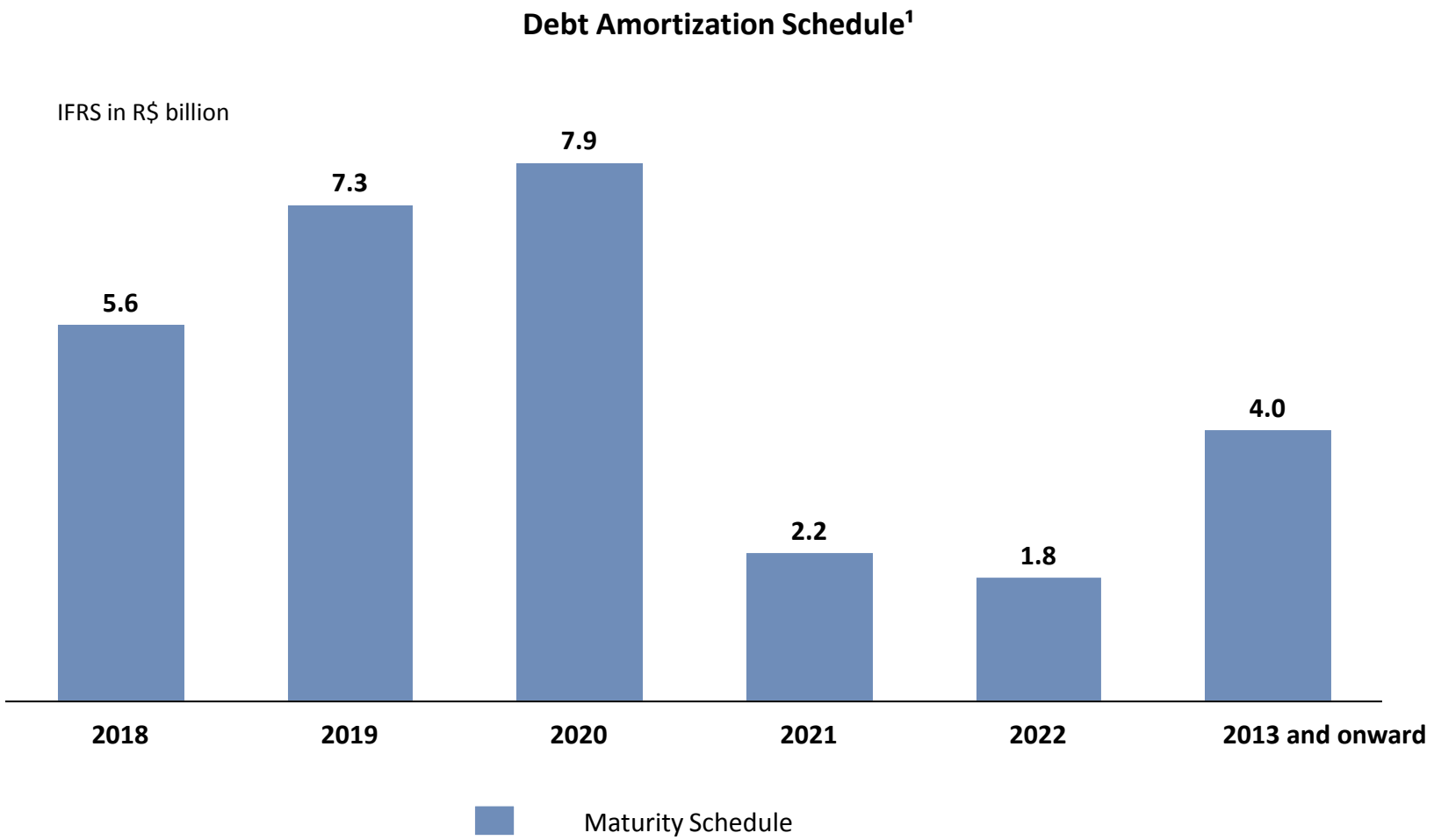


[1] Working Capital includes other items such as Advances of Taxes, Salaries and Social Contributions, Taxes Due and Advances from Customers & Forfaiting

Leverage


Net Debt/Adjusted EBITDA
8.67x
8.27x
7.36x
6.34x
5.45x
5.70x
5.55x
3.072
3.126
3.512
4.075
4.675
4.717
4.690
1Q16
2Q16
3Q16
4Q16
1Q17
2Q17
3Q17
Adjusted EBITDA/Net Debt Ratio
LTM Adjusted EBITDA

Debt Amortization Schedule on September 30, 2017



[1]Principal amortization schedule not including accrued interest.

Corporate Information

- Website: www.csn.com.br/ri
- IR Communication Channel: invrel@csn.com.br

Investor Relations

- David Salama – Investor Relations Officer
- Investor Relations Team: Leonardo Shinohara, Jose Henrique Triques, Carla Fernandes and Bruno Souza

Traded Assets	Ticker	CUSIP
Share Listed on the Bovespa	CSNA3	-
ADR Listed on the NYSE	SID	-
6.875% Senior Note due 2019	CSNABZ2019	EH9753391
6.50% Senior Note due 2020	CSNABZ2020	EI3251630
7.00% Perpetual Notes	CSNABZPerp	EI4100208

CSN

Companhia Siderúrgica Nacional

To do well,

To do more,

To do always.