Companhia Siderúrgica Nacional



# 3Q16 Earnings Presentation

November 14th, 2016

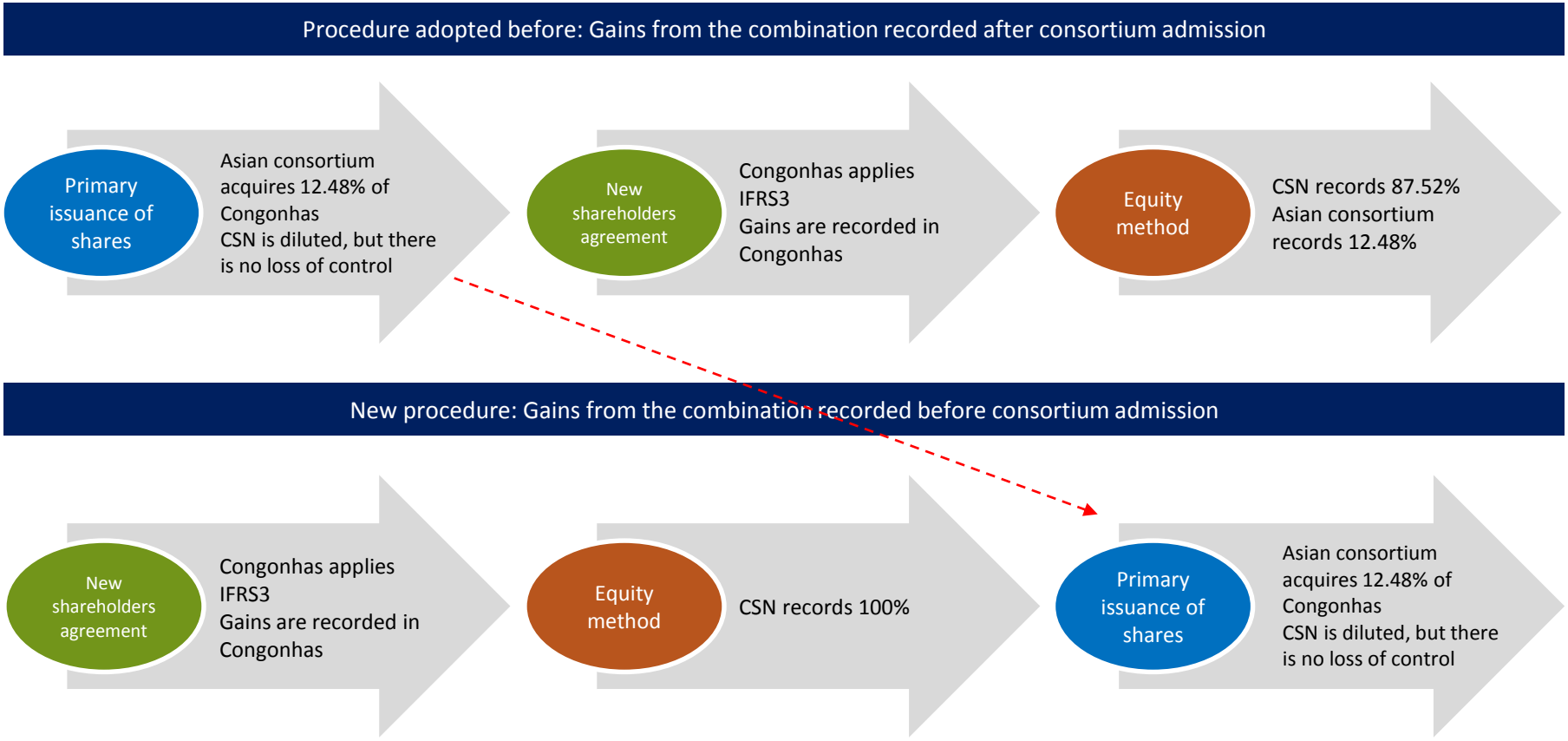
# Disclaimer

Certain statements contained herein are forward-looking statements based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events. 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).

# Restatement of the Financial Statements of December 31, 2015

The change in the interpretation of the CPC/IFRS was identified during recent discussions that we maintained with our independent auditors on the business combination events triggered by the inquiries made by the Securities Exchange Commission (SEC) on the accounting procedure for the presentation of the non-controlling interests of the subsidiary Congonhas Minérios in the Company's consolidated financial statements.

The following table summarizes the change of the approach:



# Restatement of the Financial Statements of December 31, 2015

Thus, the new interpretation for the implementation of the transaction gives rise to the gains from the business combination being presented as follows:

## Income Statement

| | Consolidated | | | Parent Company | | |
|---|---|---|---|---|---|---|
| | December 31, 2015 | | | December 31, 2015 | | |
| | As presented | Reclassifications | Restated | As presented | Reclassifications | Restated |
| Equity in earnings of investees | 1,160,348 | | 1,160,348 | 5,968,872 | 359,897 | 6,328,769 |
| Net income for the year | 1,615,951 | | 1,615,951 | 1,257,896 | 359,897 | 1,617,793 |
| **Attributable to:** | | | | | | |
| Controlling interest | 1,257,896 | 359,897 | 1,617,793 | 1,257,896 | 359,897 | 1,617,793 |
| Non-controlling interest | 358,055 | (359,897) | (1,842) | | | |

## Net Equity

| | December 31, 2015 | | |
|---|---|---|---|
| | As presented | Reclassifications | Restated |
| Common stock | 4,540,000 | | 4,540,000 |
| Capital reserve | 30 | | 30 |
| Earnings reserves | 2,104,804 | 359,897 | 2,464,701 |
| Legal reserve | 424,536 | 17,995 | 442,531 |
| Statutory reserve | 1,895,494 | 256,426 | 2,151,920 |
| Earnings reserves to realize | 23,750 | 85,476 | 109,226 |
| Treasury shares | (238,976) | | (238,976) |
| Other comprehensive income | 1,019,913 | (359,897) | 660,016 |
| **Shareholders' equity attributed to controlling interest** | **7,664,747** | | **7,664,747** |
| Non-controlling interest | 1,070,916 | | 1,070,916 |
| **Total shareholders' equity** | **8,735,663** | | **8,735,663** |

# Operational and Financial Highlights during 3Q16

- **R$1,239 million EBITDA** generated, **a 45% increase over 2Q16**, with **26% EBITDA Margin**
- The **Gross Profit registered RS1,311 million during 3Q16,** 42% higher than 2Q16**.** The **gross margin reached 30%,** 9p.p. above 2Q16
- **Steel EBITDA of R$552 million, with 19% EBITDA margin,** 49% higher than 2Q16
- **Increase in steel sales in the domestic market.** 62% participation vs. 53% during 2Q16
- **8% steel price increase in the domestic market**
- **Iron Ore Sales of 10.2Mt,** 10% higher than 2Q16
- **Iron ore FOB price reached US$39/t,** 28% higher than 2Q16
- **Mining EBITDA of R$599 million, with 46% EBITDA Margin,** 64% higher than 2Q16

# Consolidated Results

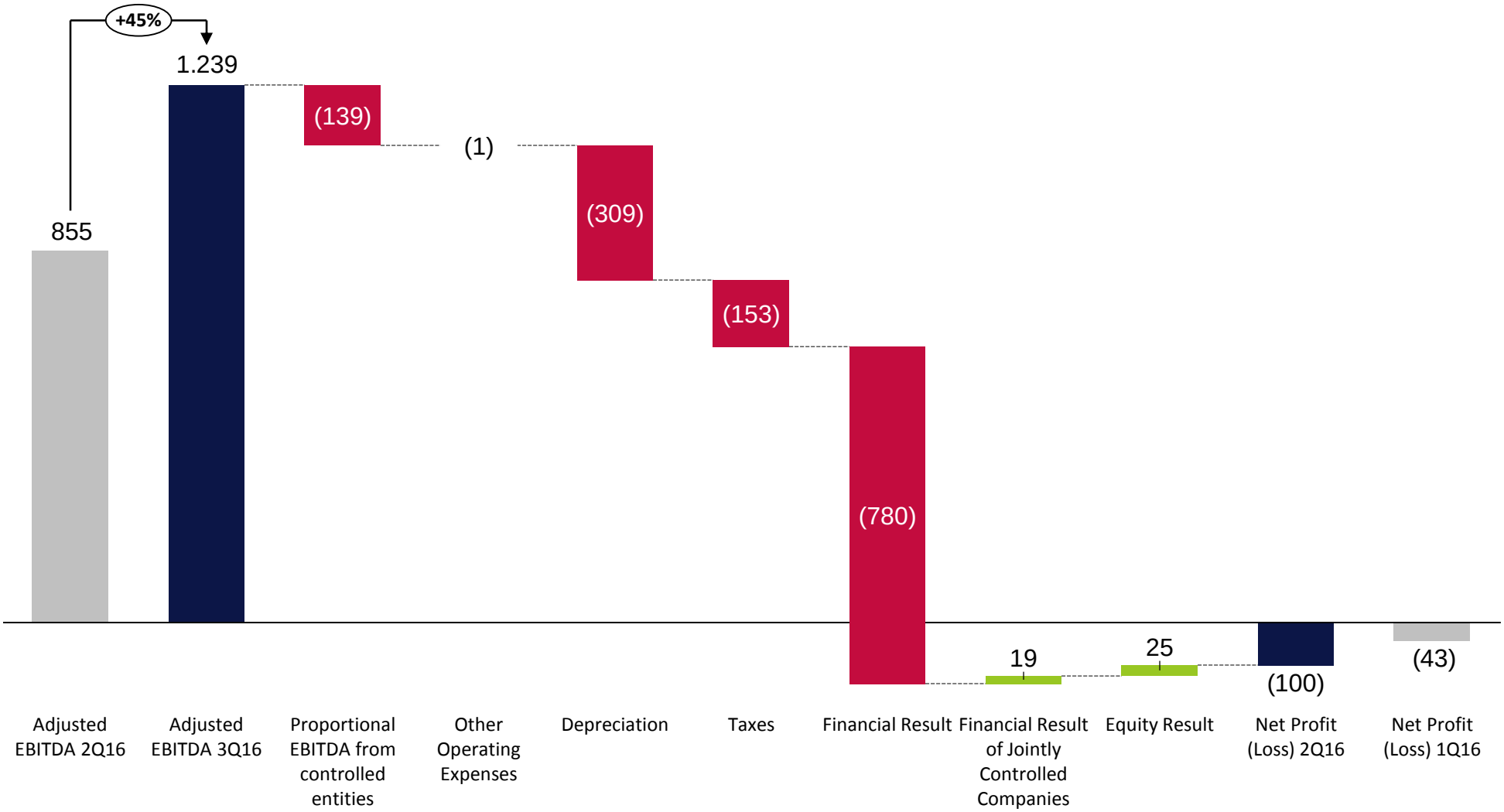
| BRL Million | 3Q15 | 2Q16 | 3Q16 |
|---|---|---|---|
| **Net Revenues** | 3,956 | 4,349 | 4,437 |
| **Gross Profit** | 941 | 922 | 1,311 |
| **Adjusted EBITDA[1]** | 853 | 855 | 1,239 |
| **Adjusted EBITDA Margin[1]** | 20% | 19% | 26% |
| **Net Profit (Net Loss)** | (533) | (42) | (100) |
| | | | |
| **Adjusted Gross Debt** | 35,653 | 31,551 | 31,504 |
| **Adjusted Net Debt** | 23,417 | 25,873 | 25,842 |
| **Net Debt/Adjusted EBITDA** | 6.6x | 8.3x | 7.4x |
| **Adjusted Cash** | 12,236 | 5,678 | 5,663 |

Notes:
[1] The Adjusted EBITDA and Adjusted EBITDA Margin include 37.27% stake in MRS and 50% stake in CBSI.

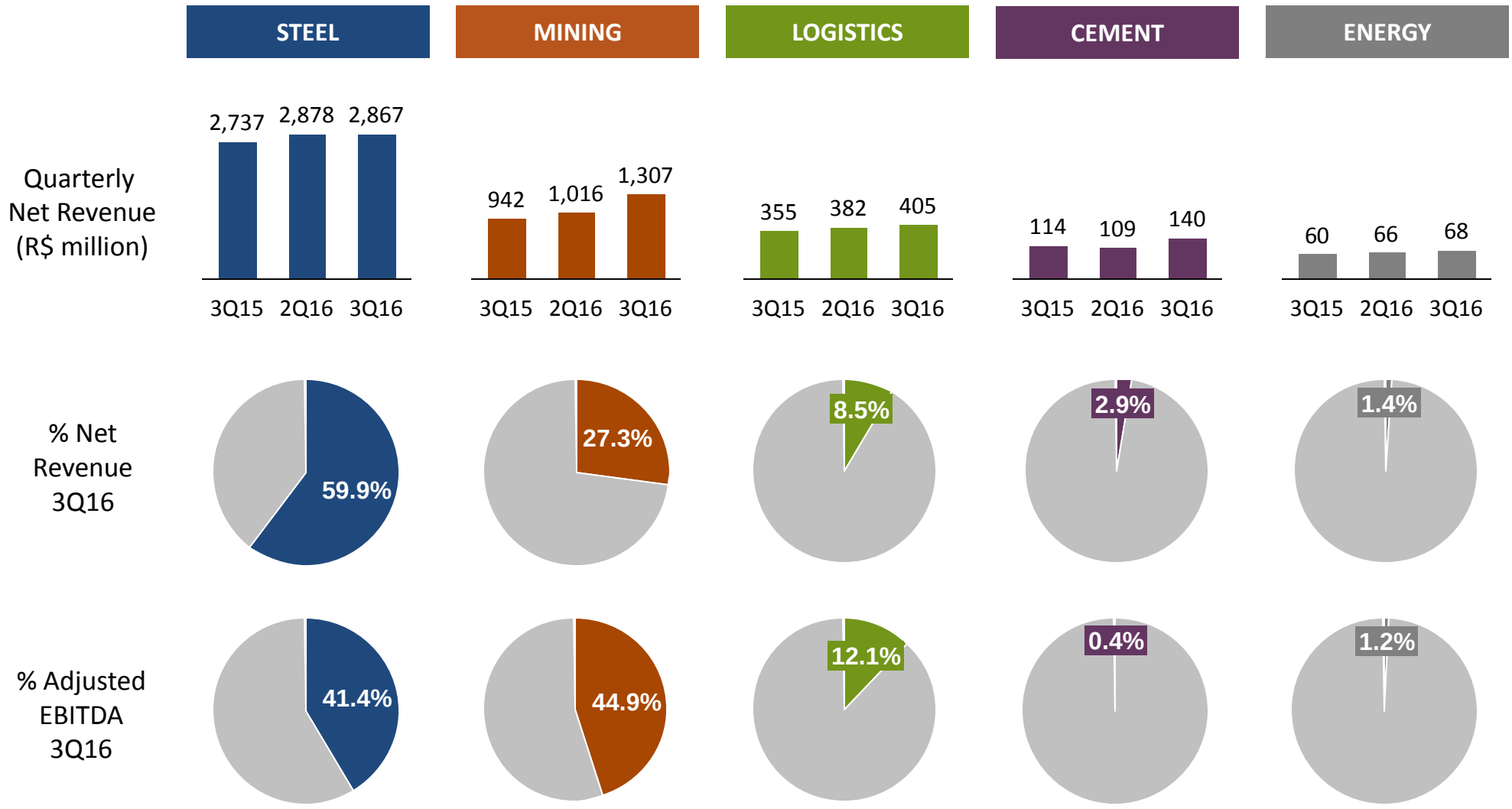
Coments:
- The adjusted Debt and Cash consider 37.27% stake in MRS and 50% stake in CBSI.
- The Adjusted Debt does not include Forfaiting and Drawee Risk operations.

# Net Results Build-up for 3Q16

Unit: BRL Million



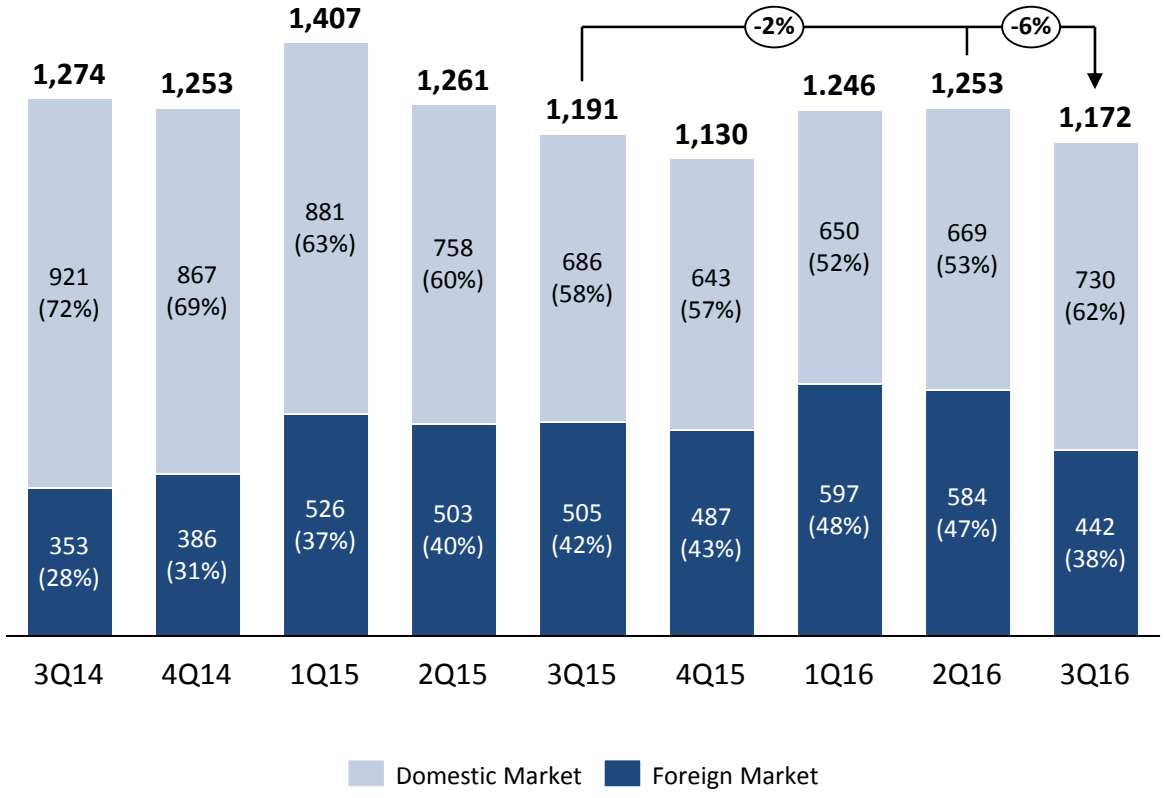
# Results by Segment during 3Q16



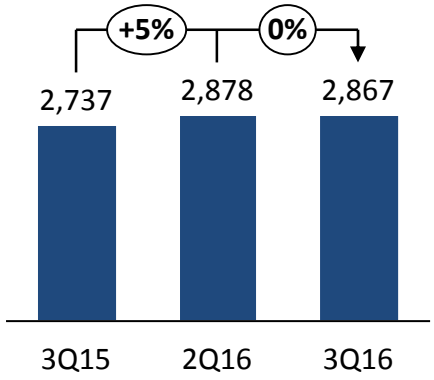
# Steel Performance during 3Q16

49% increase in the steel EBITDA, in consequence of higher realized steel prices in the Domestic Market (+8%)

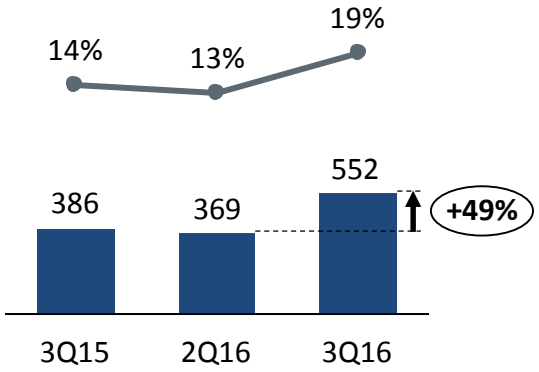
**Sales Volumes (thousand tons)**




**Net Revenues (R$ million)**



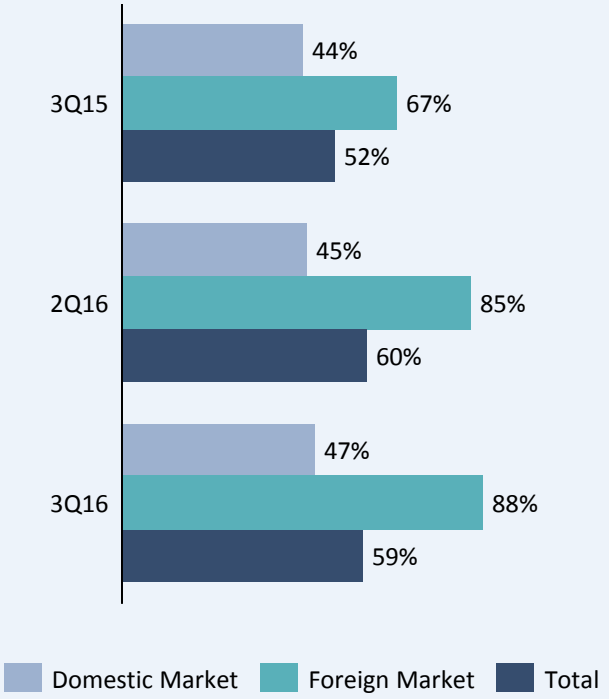

**EBITDA (R$ million) and EBITDA Mg. (%)**



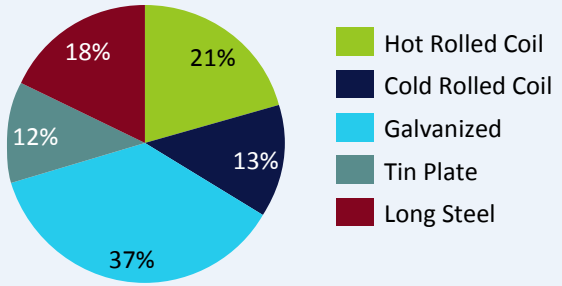
# Steel Performance during 3Q16

## Maintenance of a high level participation of coated products in steel sales

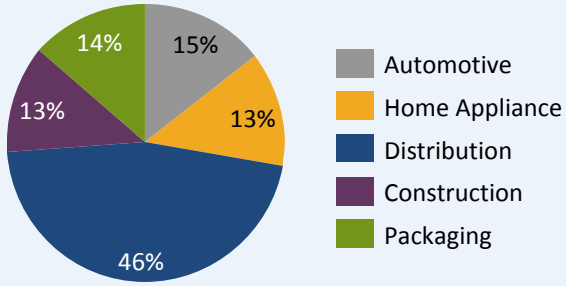
### Coated Steel Participation as a % of Flat Steel Sales



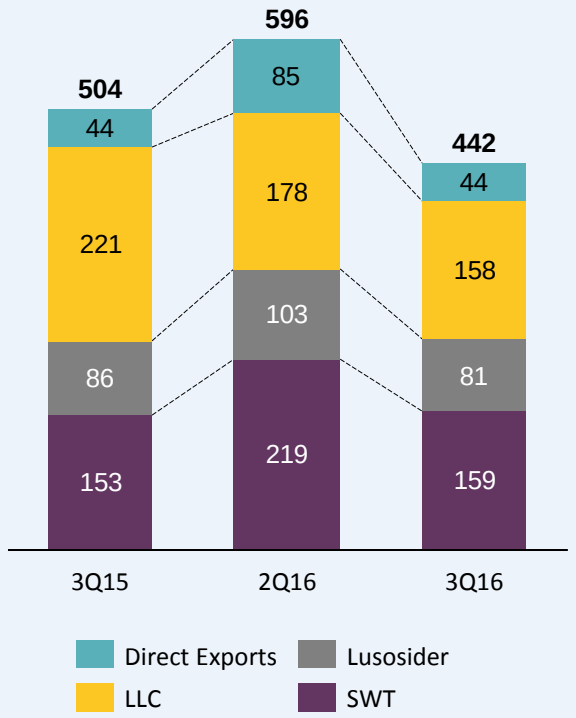

### Sales per Product[1] 3Q16




### Sales per Segment[2] no 3Q16




### Foreign Market Sales (thousand tons)



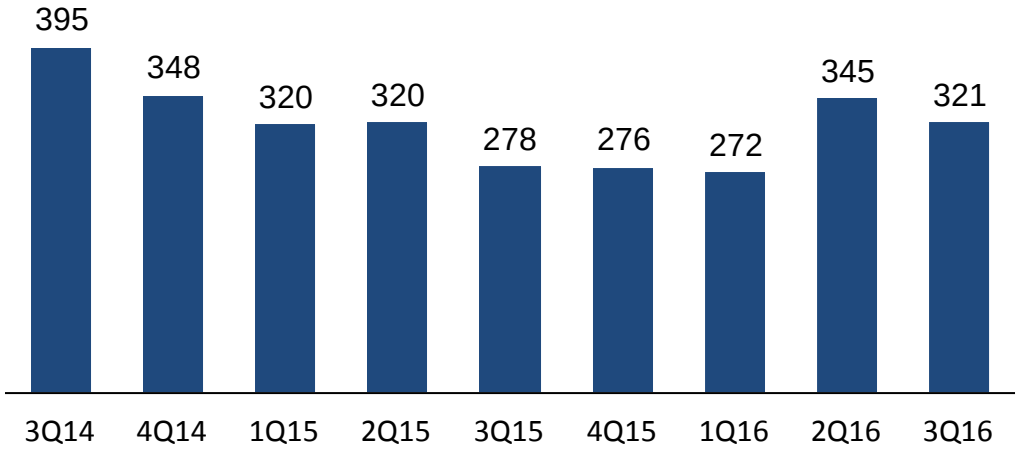

(1) Sales per product total market
(2) Sales per segment at CSN Parent Company. Doesn't include SWT, CSN LLC or Lusosider

# 3Q16 Steel Cost Competitiveness

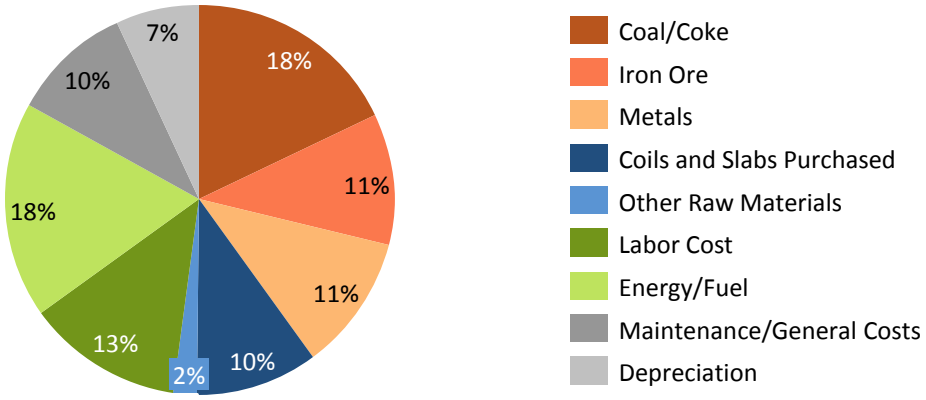
The EBITDA per ton reached R$471/t, 60% higher than 2Q16

**Slab Production Cost at President Vargas Steelworks (US$/t)**

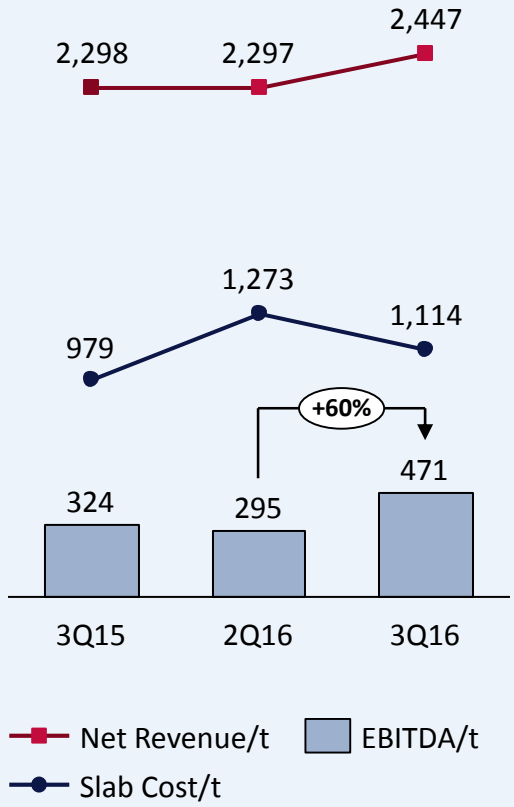
OBS: ~40% of slab costs are dollar denominated




**3Q16 Slab Production Cost**




**Performance Indicators per tonne (R$/t)**

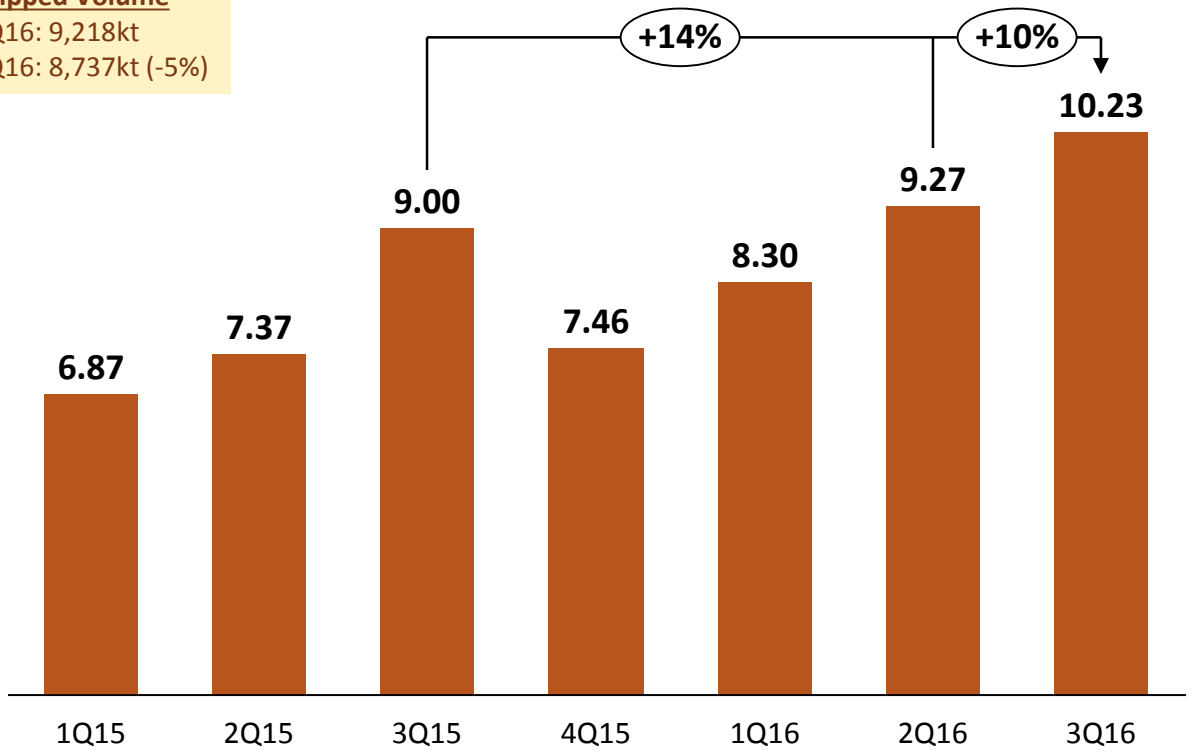


# Mining Performance during 3Q16

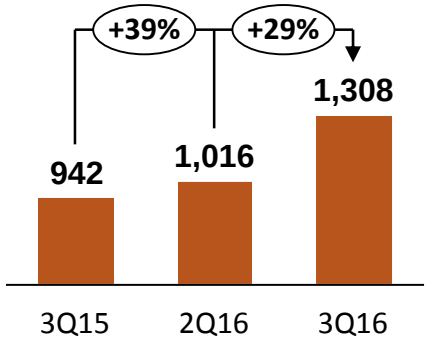
During 3Q16, Congonhas Minérios sold 10.2Mt, 10% higher than 2Q16. EBITDA generation increased 64% compared with 2Q16, as a result of realized price and sales volume increase

**Shipped Volume**
2Q16: 9,218kt
3Q16: 8,737kt (-5%)

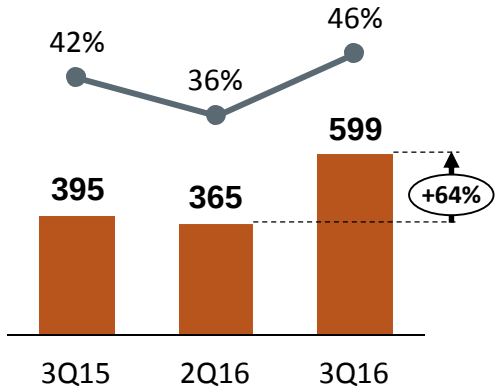
**Sales Volume (Million tons)**




**Net Revenue (R$ million)**



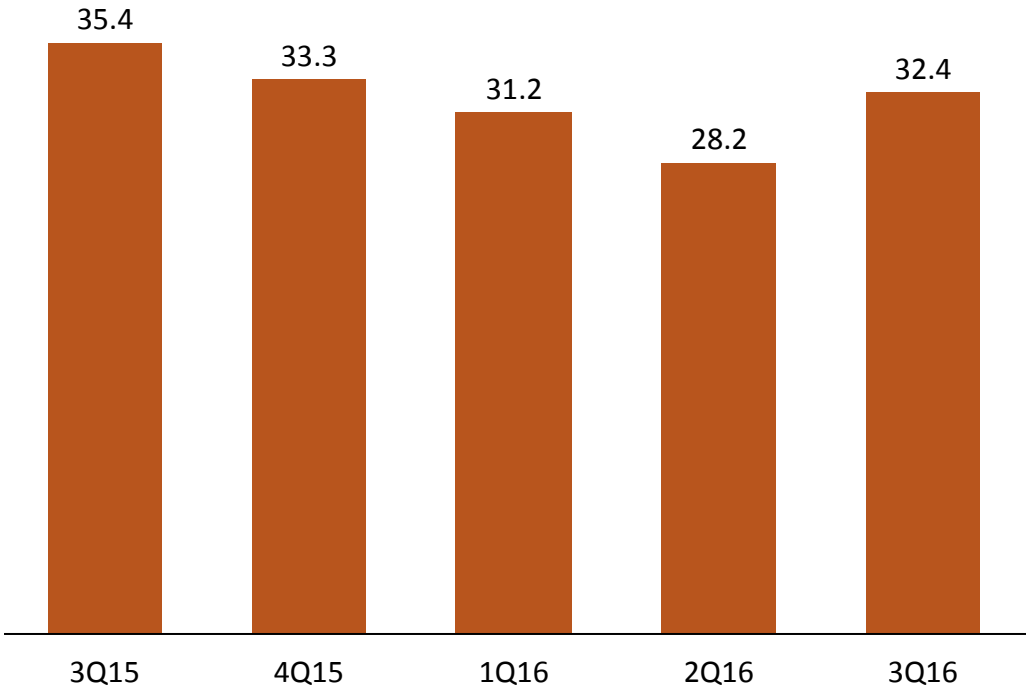

**EBITDA (R$ million) and EBITDA Mg. (%)**



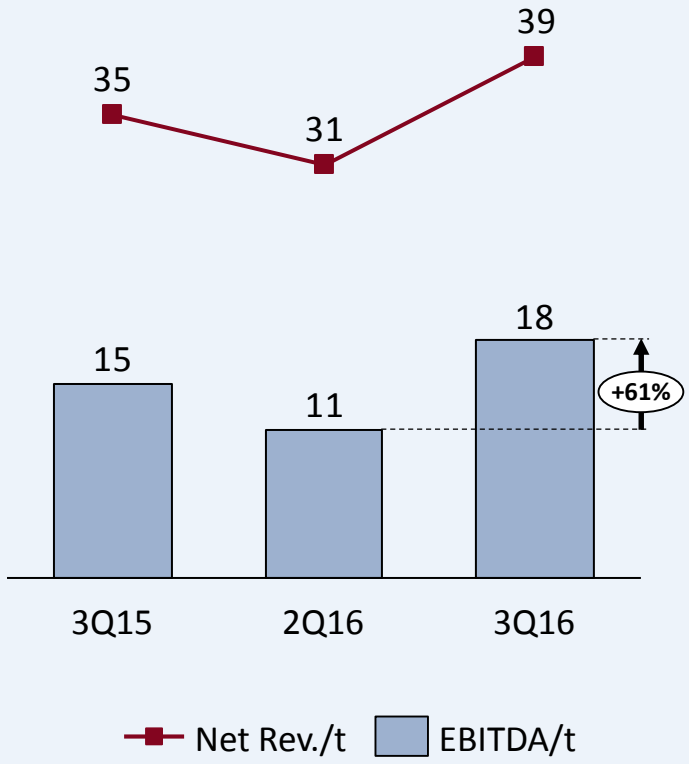
# 3Q16 Mining Cost Competitiveness

61% increase in the EBITDA per ton, reaching US$18/t during 3Q16

**Delivered Iron Ore Cash Cost at China**
(US$/wmt)




**Performance Indicators per tonne[1]**
(US$/t)

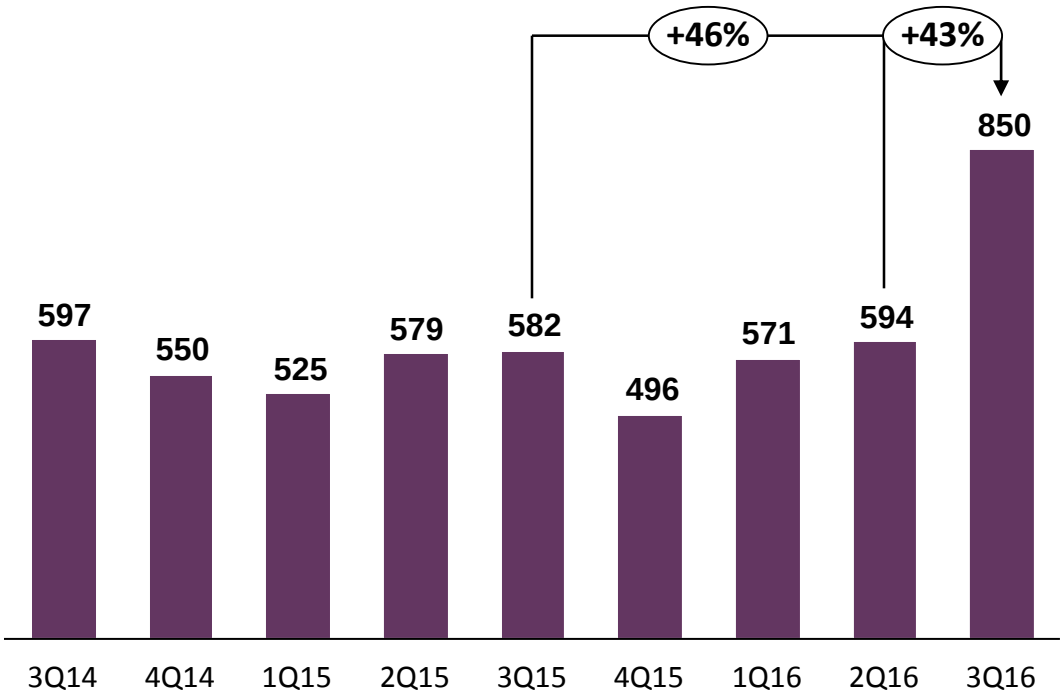



[1]The Performance Indicators are calculated over the total iron ore sales volume.

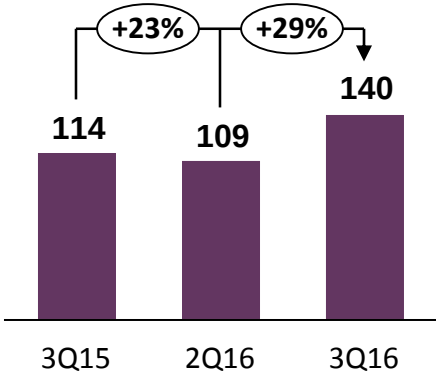
# Cement Performance during 3Q16

The ramp-up of Arcos cement operation enabled a 43% sales increase during 3Q16

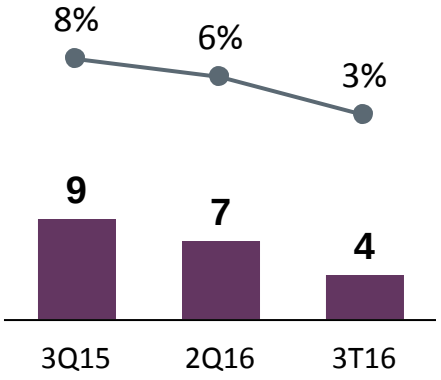
**Sales Volume (thousand ton)**




**Net Revenues (R$ million)**



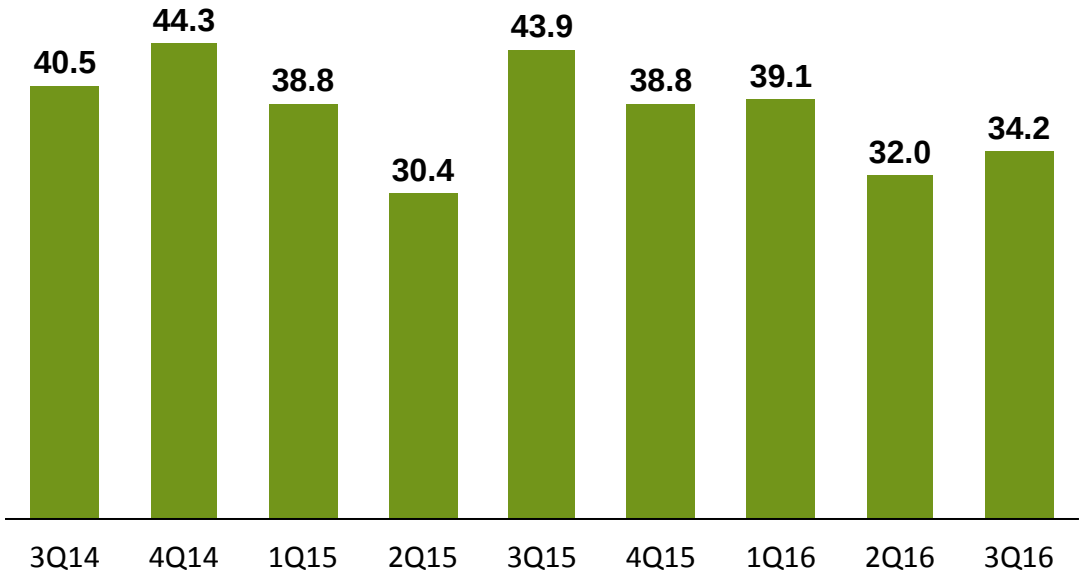

**EBITDA (R$ million) and EBITDA Mg. (%)**



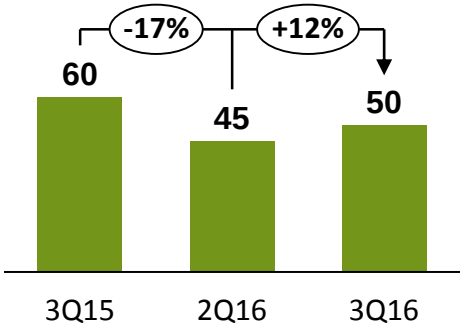
# Sepetiba Tecon Performance during 3Q16

7% increase in containers transport

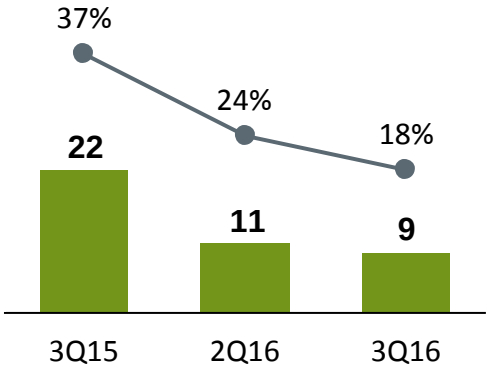
**Transported Volume (Thousand Containers)**



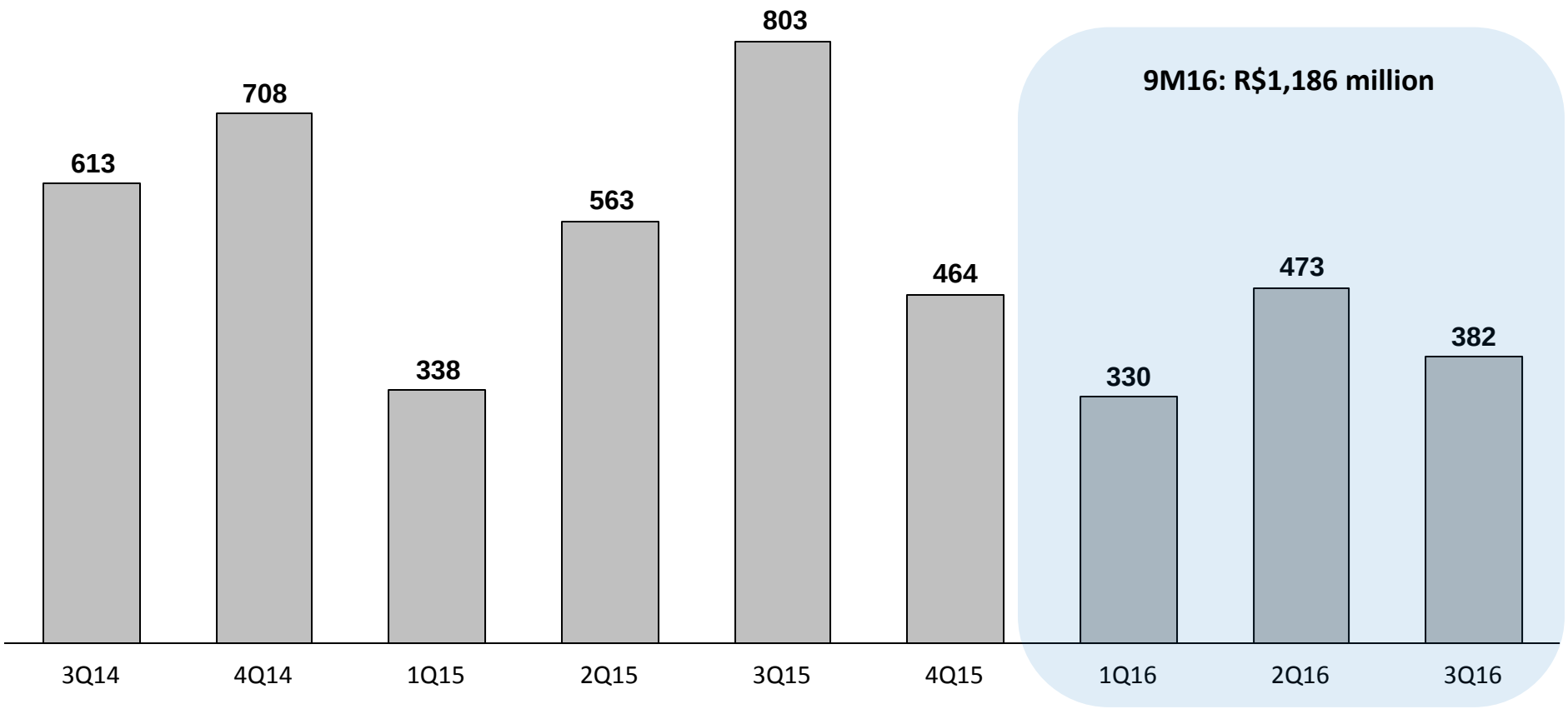

**Net Revenues (R$ million)**




**EBITDA (R$ million) and EBITDA Mg. (%)**

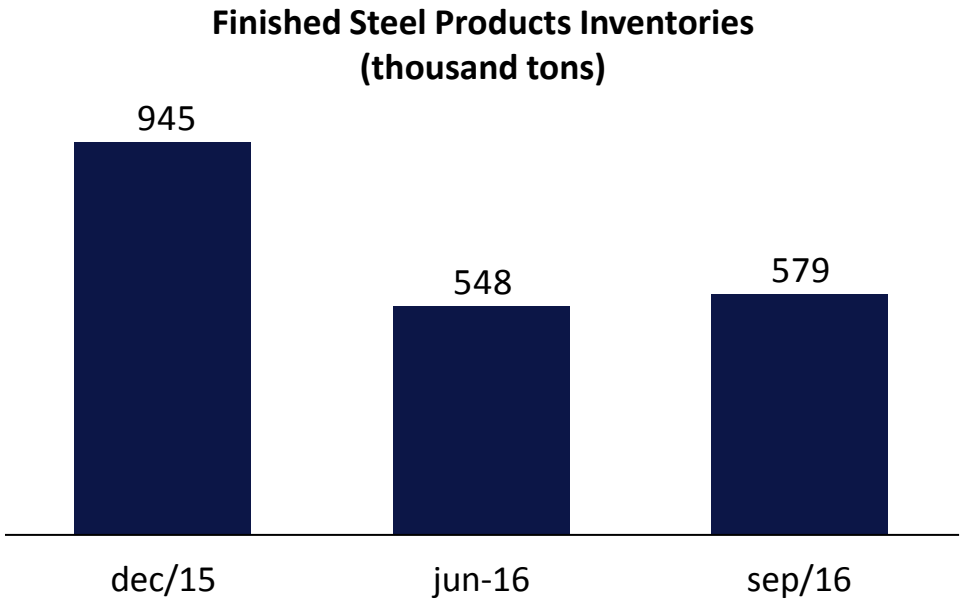


# CAPEX during 2Q16



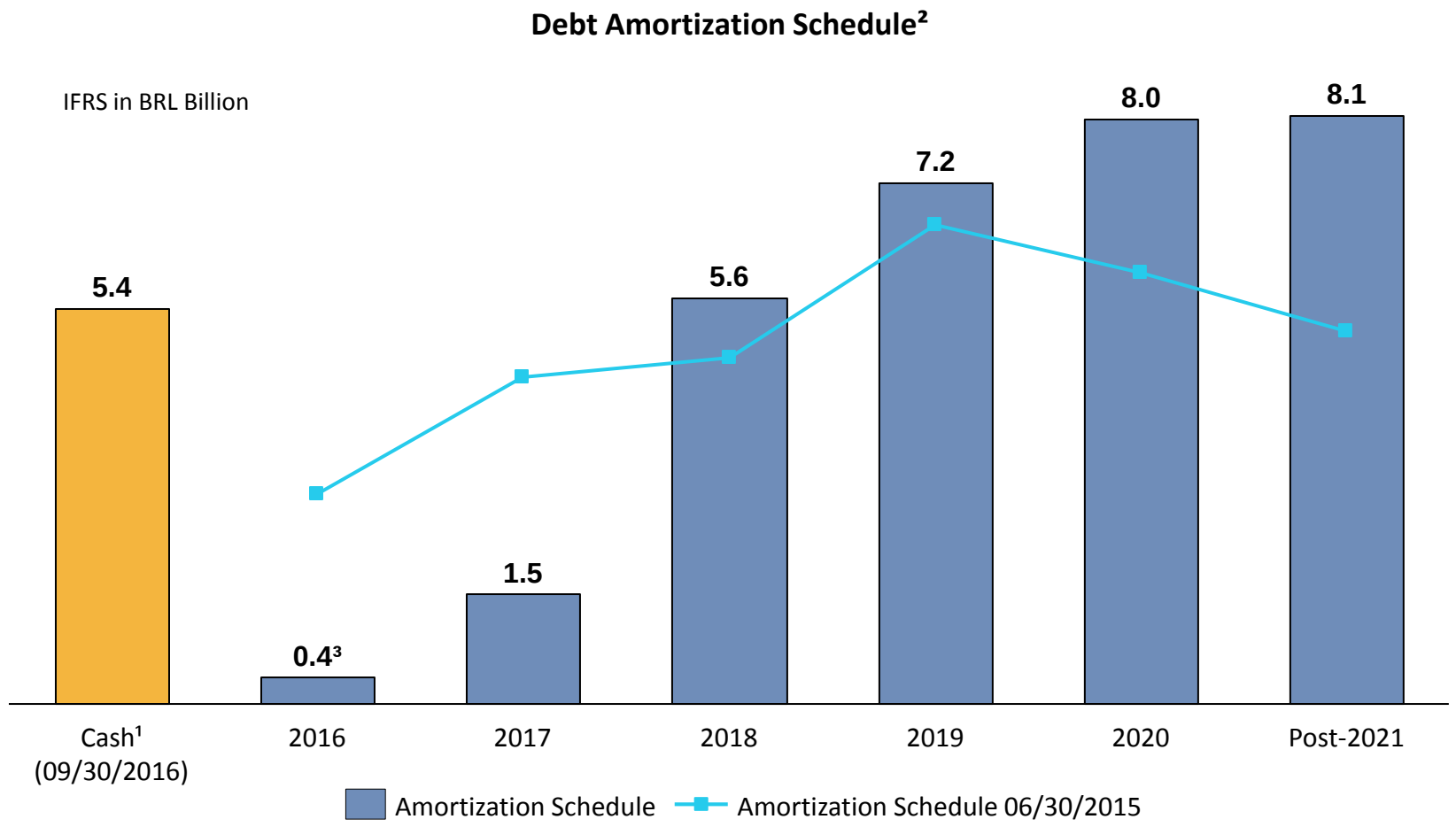
# 3Q16 Working Capital

| Working Capital (R$ million) | 2Q16 | 3Q16 | Change 3Q16 x 2Q16 |
|---|---|---|---|
| Contas a Receber | 1,622 | 1,789 | 166 |
| Estoques | 2,995 | 3,002 | 7 |
| Fornecedores | 1,388 | 1,639 | 251 |
| **Capital de Giro[1]** | **2,359** | **2,344** | **(16)** |




* Working Capital includes other items such as Taxes Advance , Salaries, Social Contributions, Taxes Payables, Advance from Costumers & Forfaiting
For more details about the Working Capital composition, see the Earnings Release.

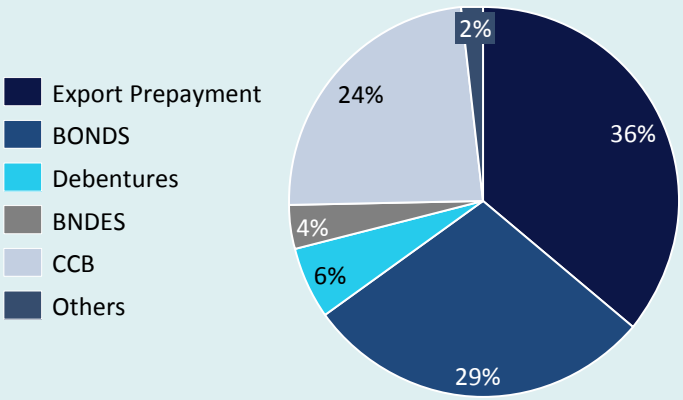
# 09/30/2016 Debt Amortization Schedule



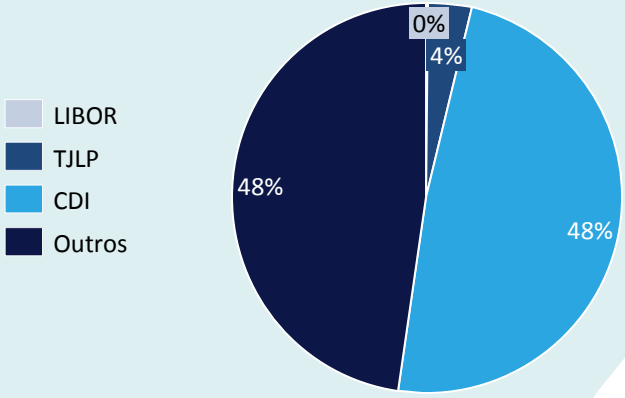

[1]Includes financial investments as collateral for foreign exchange transactions on the BM&F.
[2]Debt amortization schedule does not include accrued interest.
[3]The 2016 amortizations do not include Forfaiting & Drawee Risk.

# 3Q16 Debt Profile and Currency Exposure

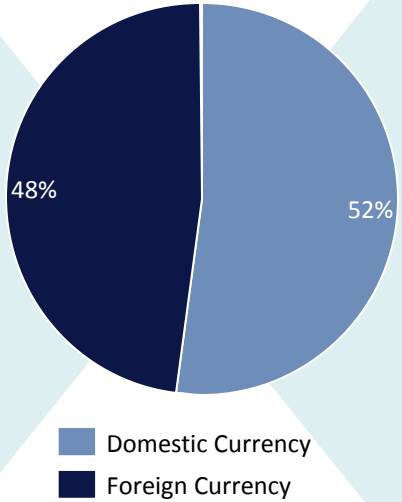
## Debt by Instrument



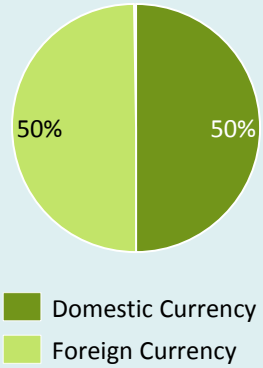

## Debt by Index



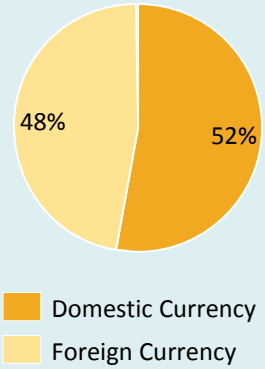

## Total Debt by Currency




## Revenue by Market




## EBITDA by Market



## Corporate Information

- Website: www.csn.com.br/ri
- Comunication channel with IR: invrel@csn.com.br

## Investor Relations

- David Salama – IR Executive Officer
- Investor Relations team: Rodrigo Bonsaver & Lucas Boareto

| Negotiated Securities | Ticker | CUSIP |
|---|---|---|
| Share negotiated in Bovespa | CSNA3 | - |
| ADR listed in 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

**Fazer bem,**

**Fazer mais,**

**Fazer para sempre.**