

NATIONAL STEEL CO
Form 6-K
March 27, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of March, 2018
Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

São Paulo, March 26, 2018

4Q17 and 2017 Earnings Release

Companhia Siderúrgica Nacional (CSN) (BM & FBOVESPA: CSNA3) (NYSE: SID) **announces today its results for the year 2017 and the fourth quarter of 2017 (4Q17)** in Brazilian Reais, and its consolidated financial statements, which are presented in accordance with International Financial Reporting Standards (IFRS), issued by the *International Accounting Standards Board* (IASB) and with the accounting practices adopted in Brazil, which are fully convergent with international accounting standards, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. The comments presented herein refer to the Company's fourth quarter of 2017 (4Q17) and 2017 consolidated results and comparisons refer to the third quarter of 2017 (3Q17), fourth quarter of 2016 (4Q16) and 2016. The Real/U.S. Dollar exchange rate was R\$ 3.3080 on December 31, 2017 and R\$ 3.1680 on September 30, 2017.

2017 financial and operating highlights

- **Generation of EBITDA adjusted of R\$ 4,645MM**, an increase of 14% over 2016, with EBITDA margin of 23.8%, 1.3 p.p. higher than in the previous year, due to better performance in the steel and mining segments.
- **Steel segment EBITDA adjusted reached R\$ 2,116 million**, 12% up on 2016, with a 14% increase in steel prices in domestic and foreign markets.
- **Higher flat rolled production** of 15% in 2017.
- **Mining EBITDA adjusted reached R\$ 1,947MM**, 11% up on 2016, with highlight for the higher average price in 2017.
- **Leverage reduction of 0.66x**, closing the year at 5.66x against 6.34x in 2016, due to higher EBITDA adjusted generation.
- **Financial cycle narrowing by 11 days** in despite the 8% evolution in net revenue, working capital in the order of R\$ 2,919MM.
- **Reduction in General and Administrative Expenses** of 20% year-over-year.

- **Reduction in Financial Expenses** (ex-variation) of R\$ 541 million in the year.
- **Net Income of R\$ 111MM in 2017, compared to a loss of R\$ 853MM in the previous year.**

4Q17 financial and operating Highlights

- **Generation of EBITDA of R\$ 1,203MM**, with EBITDA margin of 22.9%.
- **EBITDA from steel operations reached R\$ 713MM**, with adjusted EBITDA margin of 20.8%, the best quarter of the last three years, 7.1 p.p. higher than in 3Q17 and average steel price 4% higher.
- **Mining segment Adjusted EBITDA reached R\$ 351MM**, accompanied by margin of 29.8%, considering lower Platts average (-8%) and higher freight (+23%), when compared to the previous quarter.
- **Higher iron ore third party sales** of 26%, compared to the previous quarter.

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|--|--------------|--------------|--------------|---------------|---------------|-----------|-------------|--------------|
| Steel Sales (thousand ton.) | 1,187 | 1,301 | 1,253 | 4,858 | 4,922 | 6% | (4%) | 1% |
| - Domestic Market | 735 | 802 | 770 | 2,784 | 2,841 | 5% | (4%) | 2% |
| - Subsidiaries Abroad | 400 | 425 | 401 | 1,815 | 1,768 | 0% | (6%) | (3%) |
| - Export Trade | 52 | 74 | 82 | 258 | 313 | 59% | 12% | 21% |
| Iron Ore Sales (thousand ton.) | 9,191 | 7,953 | 9,561 | 36,983 | 32,576 | 4% | 20% | (12%) |
| - Domestic Market | 1,264 | 1,321 | 1,236 | 4,120 | 5,211 | (2%) | (6%) | 26% |
| - Foreign market | 7,927 | 6,632 | 8,325 | 32,863 | 27,365 | 5% | 26% | (17%) |
| Consolidated Results (R \$ million) | | | | | | | | |
| Net Revenue | 4,519 | 4,810 | 4,993 | 17,149 | 18,525 | 10% | 4% | 8% |
| Gross Profit | 1,349 | 1,213 | 1,413 | 4,509 | 4,928 | 5% | 17% | 9% |
| Adjusted EBITDA ¹ | 1,249 | 1,213 | 1,203 | 4,075 | 4,645 | (4%) | (1%) | 14% |
| Adjusted Net Debt ² | 25,831 | 25,717 | 26,268 | 25,831 | 26,268 | 2% | 2% | 2% |
| Cash / Cash Equivalents ² | 5,762 | 4,358 | 4,328 | 5,762 | 4,328 | (25%) | (1%) | (25%) |
| Net Debt / Adjusted EBITDA | 6.34x | 5.48x | 5.66x | 6.32x | 5.66x | (0.68x) | 0.17x | (0.66x) |

¹ Adjusted EBITDA is calculated based on net income/loss, plus depreciation and amortization, income tax, net financial result, results from investees and other operating revenue (expenses), and includes the proportionate share of EBITDA of the jointly-owned subsidiaries MRS Logística and CBSI. Adjusted EBITDA includes 60% stake in Namisa, 33.27% in MRS and 50% in CBSI until November/15 and 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December/15.

² Adjusted Net Debt and Adjusted Cash Position account for 33.27% stake in MRS, 60% in Namisa and 50% in CBSI until November/15. As of December 15, these lines include the 100% stake in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, and exclude *Forfeiting* and

Debtor Risk operations.

CSN´s Consolidated Result

- **Net Revenue** in **2017** and in **4Q17** totaled R\$ 18,525 million and R\$ 4,993 million, 8% and 4% higher than those recorded in 2016 and 3Q17, respectively. The improvement in performance was due to the increase in steel product prices, while the increase in the mining segment was due to the higher price of iron ore.
- In **2017**, the **cost of goods sold** totaled R\$ 13,596 million, 8% up on 2016, due to the higher prices of coal (26%) and iron ore (22%). In **4Q17**, COGS totaled R\$ 3,580 million, remaining flat over the previous quarter.
- In **2017**, the **gross profit** totaled R\$ 4,928 million, 9% up on 2016. In **4Q17**, gross profit totaled R\$ 1,413 million, 17% higher than in 3Q17. Gross margin increased 3.1 p.p. when compared to 3Q17 and came to 28.3%, due to better steel prices.
- In **2017**, the **selling, general and administrative expenses** totaled R\$ 2,231 million, 1% up on 2016, below the growth of net revenue in the same comparison basis. **Selling expenses** increased 7%, while **general and administrative expenses** decreased 20%.
- In **2017**, the **other operating income and expenses** line reached a positive value of R\$ 177 million, mainly as a result of the gain recorded from the recognition of inflationary compensation from judicial discussions.
- In **2017**, the **net financial result** was negative by R\$ 2,464 million. The **financial expenses (ex-exchange variation)** fell sharply in the period, due to the fall in the Selic rate, **presenting a R\$ 541 million reduction**. In **4Q17**, net financial result was negative by R\$ 860 million, due to the appreciation of the U.S. dollar against the real (+4.4%) in the quarter, generating negative exchange variation in the amount of R\$ 427 million, partially offset by hedge accounting positions.

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|---|--------------|--------------|--------------|----------------|----------------|
| Financial Results | (677) | (278) | (860) | (2,522) | (2,464) |
| Financial income | 115 | 71 | 48 | 638 | 266 |
| Financial expenses | (792) | (348) | (908) | (3,160) | (2,730) |
| Financial Expenses (ex-exchange variation) | (813) | (629) | (683) | (3,283) | (2,742) |
| Result w/Exchange Variation | 21 | 280 | (225) | 123 | 12 |
| Monetary and Exchange Variations | 5 | 473 | (427) | 2,013 | (107) |
| Hedge Accounting | 17 | (202) | 202 | (1,084) | 91 |
| Derivatives result | (2) | 10 | - | (807) | 28 |

The Financial result includes stakes of 100% in CSN Mining, 37.27% in MRS and 50% in CBSI, as of December/15.

- CSN's **equity result** was positive by R\$ 109 million in **2017**, compared R\$ 65 million recorded in 2016. This result was chiefly influenced by the better results in MRS and a strong reduction in losses from equivalence in the TLSA.

| | | | | | | | | |
|---|-------------|-----------|-----------|-----------|------------|--------------|----------|------------|
| MRS Logística | 20 | 54 | 25 | 156 | 172 | (54%) | 25% | 10% |
| CBSI | 1 | 1 | - | 3 | 2 | (100%) | (100%) | (33%) |
| TLSA | (35) | (11) | (2) | (52) | (21) | (82%) | (94%) | (60%) |
| Arvedi Metalfer BR | - | - | (5) | 1 | (4) | - | - | - |
| Eliminations | (9) | (6) | (8) | (43) | (39) | 33% | (11%) | (9%) |
| Share of profits (losses) of investees | (24) | 38 | 11 | 65 | 109 | (71%) | - | 68% |

- In **4Q17**, the Company recorded **net income of R\$ 378 million**, against net income of R\$ 256 million in 3Q17. In **2017**, CSN registered **net income of R\$ 111 million**, compared to the net loss of R\$ 853 million recorded in 2016.

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|--|--------------|--------------|--------------|--------------|-------------|------------|
| Net Income (loss) for the period | 256 | 378 | (853) | 111 | 48% | - |
| (-) Profit (loss) from Discontinued Operations | - | - | 10 | - | - | (100%) |
| (-) Depreciation | 344 | 319 | 1,279 | 1,409 | (7%) | 10% |
| (+) Income Tax and Social Contribution | 128 | (1) | 267 | 409 | - | 53% |
| (+) Financial result, net | 278 | 860 | 2,522 | 2,464 | 209% | (2%) |
| EBITDA (ICVM 527) | 1,006 | 1,556 | 3,224 | 3,393 | 55% | 36% |
| (+) Other Operating Income (Expenses) | 98 | (473) | 413 | (177) | - | - |
| (+) Equity accounting result | (38) | (11) | (65) | (109) | (71%) | 68% |
| (-) Proportionate EBITDA of the JV's | 147 | 132 | 502 | 538 | (10%) | 7% |
| Adjusted EBITDA¹ | 1,213 | 1,204 | 4,075 | 4,645 | (1%) | 14% |

¹The Company discloses its adjusted EBITDA excluding stake in investees and other operating revenue (expenses) in the belief that these items should not be considered when calculating recurring operating cash flow.

- In **2017**, the **Adjusted EBITDA** totaled R\$ 4,645 million, against R\$ 4,075 million in 2016, an increase of 14% due to the higher contribution in the mining and steel segments. Adjusted EBITDA reached R\$ 1,203 million in **4Q17**, versus R\$ 1,213 million in the previous quarter, while adjusted EBITDA margin reached 22.9%, flat when compared to the previous quarter.

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Adjusted EBITDA Margin is calculated based on Adjusted EBITDA divided by adjusted net revenue, which includes 100% stake in CSN Mining, 37.27% in MRS and 50% in CBSI, as of December/15.

Debt

On December 31, 2017, consolidated net debt reached R\$ 26,268 million, while net debt/EBITDA, based on LTM adjusted EBITDA, reached 5.66x.

Foreign Exchange Exposure

The net FX exposure of our consolidated balance sheet was US\$ 2,025 million on December 31, 2017, as shown in the table below. It should be noted that within the net FX exposure, a liability of US\$ 1.0 billion is included in the Loans and Financing line related to the Perpetual Bond, which, due to their nature, will not require disbursement for settlement of the principal amount in the foreseeable future.

The *Hedge Accounting* adopted by CSN correlates the projected exports inflow in dollars with part of the scheduled debt payments in the same currency. As a result, the exchange

variation of the dollar-denominated debt is temporarily booked in shareholders' equity, flowing through P&L when revenues in USD from exports occur.

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|---|----------------|----------------|
| Cash | 846 | 777 |
| Accounts Receivable | 387 | 311 |
| Others | 3 | 3 |
| Total assets | 1,236 | 1,091 |
| Loans and Financing | (4,329) | (4,333) |
| Suppliers | (37) | (98) |
| Other Liabilities | (5) | (4) |
| Total Liabilities | (4,370) | (4,434) |
| | - | - |
| Foreign Exchange Exposure (Assets - Liabilities) | (3,135) | (3,343) |
| Derivatives Contracts Liquids | - | - |
| Cash Flow Hedge Accounting | 1,393 | 1,318 |
| Net exchange exposure | (1,742) | (2,025) |
| Perpetual | 1,000 | 1,000 |
| Net exchange exposure ex Bond | (742) | (1,025) |

Capex

R\$ 344 million were invested in **4Q17** and R\$ 1,065 million in **2017**, a reduction of 35% on the year-over-year basis, due to the end of the investments of the Arcos (Cement) operation. Currently, the investments are aimed at maintaining the operations, with emphasis on the steel segment.

| | | | | | |
|-------------------------|------------|------------|------------|------------|--------------|
| Steel | 92 | 102 | 119 | 168 | 481 |
| Mining | 60 | 106 | 115 | 97 | 378 |
| Cement | 24 | 20 | 34 | 40 | 118 |
| Logistics | 13 | 11 | 19 | 33 | 76 |
| Others | 0 | 0 | 6 | 6 | 12 |
| Total Investment | 190 | 239 | 293 | 344 | 1,065 |

Working Capital

To calculate Working Capital, CSN adjusts its assets and liabilities as demonstrated below:

- Accounts Receivable: excludes Dividends receivable, Advances to employees and Other Credits;
- Inventories: includes Estimated Losses and excludes the Spare Parts, which are not part of the cash conversion cycle, and will be booked in Fixed Assets when consumed;
- Recoverable Taxes: Composed only by the Income (IRPJ) and Social Contribution (CSLL) Taxes amount included in Recoverable Taxes;
- Taxes Payable: Composed of the Current Liabilities account Taxes Payable plus Taxes in Installment;
- Advance from Clients: Subaccount of Other Liabilities recorded in Current Liabilities;
- Suppliers: Includes *Forfaiting* and Drawee Risk.

As a result, Working Capital applied to the Company's businesses **totaled R\$ 2,919 million in 4Q17**. The **financial cycle was reduced in 11 and 6 days**, in relation to **4Q16** and **3Q17**, respectively, demonstrating efficient working capital management.

| | | | |
|-----------------------------------|------------------------|-------------|-------------|
| Assets | 5,2105,8685,986 | 118 | 776 |
| Accounts Receivable | 1,905 2,127 2,197 | 70 | 292 |
| Inventory turnover | 3,251 3,545 3,783 | 238 | 532 |
| Advance to Taxes | 54 196 6 | (190) | (48) |
| Liabilities | 2,3402,9333,067 | 134 | 727 |
| Suppliers ¹ | 1,763 2,250 2,461 | 211 | 698 |
| Salaries and Social Contributions | 254 296 252 | (44) | (1) |
| Taxes Payable | 232 279 286 | 7 | 53 |
| Advances from Clients | 91 108 69 | (40) | (22) |
| Working Capital | 2,8702,9352,919 | (16) | 49 |
| Receivables | 35 37 34 | (3) | (1) |
| Supplier Payment | 51 61 62 | 1 | 11 |
| Inventory turnover | 94 97 95 | (2) | 1 |
| Cash Conversion Cycle | 78 73 67 | (6) | (11) |

¹Drawee risk and Forfaiting are settled in 2016.

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Results by Segment

The Company maintains integrated operations in five business segments: Steel, Mining, Logistics, Cement and Energy. The main assets and/or companies comprising each segment are presented below:

As of 2013, the Company no longer reports the proportional consolidation of its jointly-owned investees Namisa, MRS and CBSI. For the purpose of preparing and presenting the information by business segment, Management decided to maintain the proportional consolidation of the jointly- owned subsidiaries, as historically presented. For the purpose of reconciliation of CSN´ consolidated results, these companies´ results are eliminated in the "Corporate/ elimination expenses" column.

As of the end of 2015, after the combination of CSN´s mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result includes the totality of this new company´s information.

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|---|-----------------|----------------|--------------|----------------|--------------|--------------|----------------|-----------------|
| Net Revenue | 12,959 | 4,621 | 238 | 1,417 | 487 | 408 | (1,605) | 18,525 |
| Domestic Market | 7,819 | 829 | 238 | 1,417 | 487 | 408 | (2,491) | 8,706 |
| Foreign Market | 5,140 | 3,792 | - | - | - | - | 886 | 9,818 |
| CPV | (10,538) | (3,006) | (157) | (1,025) | (513) | (285) | 1,927 | (13,596) |
| Gross Profit | 2,421 | 1,615 | 81 | 392 | (26) | 123 | 322 | 4,928 |
| DVGA | (964) | (159) | (28) | (95) | (81) | (27) | (877) | (2,231) |
| Depreciation | 659 | 491 | 16 | 295 | 122 | 17 | (190) | 1,409 |
| Proportional EBITDA of Jointly Controlled Companies | - | - | - | - | - | - | 538 | 538 |
| Adjusted EBITDA | 2,116 | 1,947 | 69 | 592 | 15 | 113 | (207) | 4,644 |

| | | | | | | | | |
|--------------------|---------------|--------------|------------|--------------|------------|------------|----------------|---------------|
| Net Revenue | 11,516 | 4,582 | 208 | 1,320 | 491 | 269 | (1,236) | 17,149 |
| | 6,980 | 542 | 208 | 1,320 | 491 | 269 | (2,080) | 7,730 |

| | | | | | | | | | |
|------------------------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|-----------------|--|
| Domestic Market | | | | | | | | | |
| Foreign Market | 4,536 | 4,040 | - | - | - | - | 843 | 9,419 | |
| CPV | (9,393) | (3,099) | (142) | (914) | (467) | (196) | 1,572 | (12,640) | |
| Gross Profit | 2,123 | 1,483 | 66 | 406 | 23 | 73 | 336 | 4,509 | |
| DVGA | (915) | (185) | (25) | (83) | (75) | (25) | (907) | (2,215) | |
| Depreciation | 679 | 461 | 13 | 228 | 73 | 17 | (193) | 1,279 | |
| Proportional EBITDA of | | | | | | | | | |
| Jointly Controlled Companies | - | - | - | - | - | - | 502 | 502 | |
| Adjusted EBITDA | 1,887 | 1,759 | 54 | 550 | 22 | 65 | (262) | 4,075 | |
| Net Revenue | 3,435 | 1,175 | 71 | 365 | 106 | 104 | (263) | 4,993 | |
| Domestic Market | 2,147 | 175 | 71 | 365 | 106 | 104 | (618) | 2,349 | |
| Foreign Market | 1,287 | 1,001 | - | - | - | - | 356 | 2,644 | |
| CPV | (2,670) | (909) | (45) | (259) | (106) | (71) | 480 | (3,580) | |
| Gross Profit | 765 | 266 | 26 | 106 | (0) | 33 | 217 | 1,413 | |
| DVGA | (204) | (37) | (8) | (27) | (22) | (7) | (356) | (660) | |
| Depreciation | 153 | 121 | 4 | 63 | 25 | 2 | (49) | 319 | |
| Proportional EBITDA of | | | | | | | | | |
| Jointly Controlled Companies | - | - | - | - | - | - | 132 | 132 | |
| Adjusted EBITDA | 713 | 351 | 22 | 142 | 3 | 28 | (56) | 1,203 | |

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|------------------------------|----------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Net Revenue | 3,399 | 1,204 | 60 | 364 | 142 | 103 | (462) | 4,810 |
| Domestic Market | 2,133 | 218 | 60 | 364 | 142 | 103 | (638) | 2,382 |
| Foreign Market | 1,265 | 986 | - | - | - | - | 176 | 2,427 |
| CPV | (2,845) | (719) | (37) | (242) | (151) | (74) | 471 | (3,597) |
| Gross Profit | 553 | 486 | 23 | 122 | (9) | 29 | 8 | 1,213 |
| DVGA | (253) | (40) | (6) | (21) | (20) | (7) | (143) | (491) |
| Depreciation | 165 | 122 | 4 | 63 | 30 | 5 | (45) | 344 |
| Proportional EBITDA of | | | | | | | | |
| Jointly Controlled Companies | - | - | - | - | - | - | 147 | 147 |
| Adjusted EBITDA | 465 | 568 | 21 | 164 | 1 | 27 | (33) | 1,213 |

| | | | | | | | | |
|------------------------------|----------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Net Revenue | 2,962 | 1,317 | 62 | 324 | 128 | 67 | (341) | 4,519 |
| Domestic Market | 1,979 | 168 | 62 | 324 | 128 | 67 | (570) | 2,159 |
| Foreign Market | 982 | 1,149 | - | - | - | - | 228 | 2,359 |
| CPV | (2,334) | (797) | (34) | (237) | (133) | (48) | 413 | (3,170) |
| Gross Profit | 628 | 521 | 28 | 87 | (5) | 19 | 72 | 1,349 |
| DVGA | (262) | (133) | (6) | (9) | (20) | (7) | (148) | (585) |
| Depreciation | 179 | 124 | 3 | 58 | 28 | 4 | (41) | 356 |
| Proportional EBITDA of | | | | | | | | |
| Jointly Controlled Companies | - | - | - | - | - | - | 129 | 129 |
| | 545 | 511 | 26 | 137 | 2 | 17 | 12 | 1,249 |

Adjusted EBITDA

Results from CSN's Steel Operation

According to the **World Steel Association** (WSA), global **crude steel production** totaled 1.691 billion tonnes in **2017**, 5.3% more than in 2016.

- In **4Q17**, the Company's plate **production** totaled 1,099 thousand tonnes, an increase of 17% over 4Q16. **In 2017, the production of flat rolled products was 15% higher** than in the previous year, totaling 3,679 thousand tonnes. According to the **Brazilian Steel Institute (IABr)**, the **domestic crude steel production** increased by 9.9% in volume, reaching 34.4 million tonnes. Regarding **flat steel products**, domestic production totaled 22.4 million tonnes, **an expansion of 7.2% compared to 2016**, while apparent consumption grew by 5.3% to 19.2 million tonnes, with domestic sales of 16.9 million tonnes and imports of 2.3 million tonnes.

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|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Slabs (UPV + Third Parties) | 1,058 | 1,069 | 1,099 | 3,262 | 4,276 | 3% | 4% | 31% |
| Crude Steel Production | 942 | 1,065 | 1,099 | 3,016 | 4,216 | 3% | 17% | 40% |
| Third Parties Slabs | 116 | 4 | 0 | 246 | 60 | (100%) | (100%) | (76%) |
| Total Flat Rolled | 952 | 903 | 959 | 3,201 | 3,679 | 6% | 1% | 15% |
| Total Long Rolled | 54 | 50 | 45 | 233 | 204 | (10%) | (17%) | (12%) |

- The **total sales** came to 1,253 thousand tonnes of steel products in **4Q17**, or 3.6% lower than in 3Q17. According to INDA (the Brazilian Steel Distributors' Association), in 4Q17, distribution purchases fell 3%, while sales fell 10% compared to 3Q17. In **2017**, sales reached 4,922 thousand tonnes, 1% higher than those registered in 2016.

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- In **4Q17**, the volume of steel sales in the **domestic market** totaled 770 thousand tonnes, down 4% from 3Q17. Of this total, 720 thousand tonnes refer to flat steel and 50 thousand tonnes to long steel. In **2017**, 2,841 thousand tonnes of steel were sold in the domestic market, 2% higher than in 2016. Regarding total sales, 2,608 thousand tonnes are of flat steel and 233 thousand tonnes of long steel.

- In the **foreign market**, **4Q17** sales totaled 484 thousand tonnes, down 3% from the previous quarter. In this period, 82 thousand tonnes were exported directly and 401 thousand tonnes were sold abroad by the subsidiaries, 126 thousand of which were sold by LLC, 198 thousand tonnes by SWT and 77 thousand tonnes by Lusosider. In **2017**, the sales volume in the foreign market totaled 2,080 thousand tonnes, remaining flat over 2016. Of these sales, 313 thousand tonnes were exported directly and 1,768 thousand tonnes were sold abroad by the subsidiaries, of which 596 thousand tonnes by LLC, 808 thousand tonnes by SWT, 364 thousand tonnes by Lusosider.

- In 4Q17, CSN maintained its high **share of coated products** as a percentage of total sales volume, following the strategy of adding more value to its *product mix*. Sales of coated products such as galvanized items and tin plate accounted for 57% of flat steel sales, in line with that observed in 3Q17, considering all markets in which the Company operates. The **foreign market** was one of the quarter's highlights, with the share of coated products increasing from 88% of flat steel sales to 89% in 4Q17.

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According to **ANFAVEA**(the Auto Manufacturers' Association),**vehicle production** totaled 2.7 million units in 2017, an increase of 25% over the same period of the previous year. On the same basis of comparison, new light car, commercial vehicle, truck and bus licensing in Brazil increased by 9.2% to 2.2 million units. The estimate is for an increase of 11.7% in car licensing in 2018 and production of 3.06 million units, 13.2% higher than in 2017.

According to **ABRAMAT** (the Construction Material Manufacturers' Association), **sales of building materials** fell by 4% in 2017 over the same period in the previous year. By 2018, the association projects an increase of 1 to 2% in the sector's revenues.

According to **IBGE** (the Brazilian Institute of Geography and Statistics), **home appliance production** in 2017 recorded an increase of 10.5% over the same period last year.

- **Net Revenue** reached R\$ 3,435 million in 4Q17, 16% up on 4Q16. This was mainly due to the higher price of steel commercialized both in the domestic market and in the foreign market and the maintenance of sales volumes of coated products. In 2017, **Net Revenue** totaled R\$ 12,959 million, 13% up on 2016, in view of price increases throughout the year, especially those announced in the last quarter. Average steel prices increased by 12% in 2017 versus the previous year and 4% in the 4Q17 x 3Q17 comparison.

- The **cost of goods sold** in **4Q17** presented a reduction of 6% when compared to 3Q17, totaling R\$ 2,670 million, resulting in a 38% increase in gross profit for the period, due to the decrease in general manufacturing costs. However, in **2017**, COGS amounted to R\$ 10,538 million, 12% up on 2016.

- The **slab production cost** in **4Q17** reached R\$ 1,295/t, 1% up on 3Q17. In **2017**, the average slab production cost was R\$ 1,339/t, 17% higher when compared to 2016 due to the increase in the main raw materials prices, especially coal, coke and iron ore.

- **Adjusted EBITDA** reached R\$ 713 million in **4Q17**, 53% higher than R\$ 465 million obtained in 3Q17 due to the increase in steel prices and the decrease in COGS. Adjusted EBITDA margin in 4Q17 increased to 20.8%, 7.1 p.p. higher than in the previous quarter. In **2017**, Adjusted EBITDA totaled R\$ 2,116 million, 12% up on 2016. The EBITDA margin increased from 16.4% in 2016 to 16.3% in 2017, noting that the margin recovery movement occurred in 4Q17.

Results from CSN´s Mining

In 2017, **seaborne iron ore market intensified the recovery started in mid-2016** with the maintenance of investments in infrastructure and civil construction in China. In addition, the closure of illegal plants with high emission of pollutants resulted in **an increase in the utilization of steel capacity**, which, together with the increased demand for steel, **allowed for improved margins and higher iron ore prices**. In this scenario, the price of ore rose 22% in 2017 compared to 2016, reaching an average of US \$ 71.32 / dmt (Platts, Fe62%, N. China).

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In 4Q17, Chinese government's imposition of steel production curbs coupled with greater supply of seaborne ore negatively impacted prices. In this sense, **the iron ore price index ended 4Q17 with an average of US\$65.57/dmt (Platts, Fe62%, N. China), a drop of 7.5% over the previous quarter.**

As for **sea freight**, the BCI-C3 (Tubarão-Qingdao) route averaged US\$15.06/t in **2017**, a 68% increase over the previous year. The strong rise is mainly due to a period of historical lows in hire fees and use of fleet in 2016, when the route closed the year with an average of US\$8.98/t. In **4Q17**, **ocean freight rates were positively impacted by seasonally higher transoceanic volumes and higher oil prices, especially after production cuts announced by OPEC in November.** In this context, the BCI-C3 (Tubarão-Qingdao) route closed the **4Q17** with an average of US\$18.66/t, 23% increase over the third quarter.

- In **4Q17**, CSN's **production of iron ore** totaled 6.4 million tonnes, 18% less than in 3Q17. In **2017**, iron ore production totaled 29.9 million tonnes, down 7% from the 32.2 million tonnes recorded in 2016. **Iron ore purchases** reached 1,828 thousand tonnes in **4Q17**, up 29% over 3Q17. In the annual comparison, there was a 4% increase in the amount purchased, totaling 3,551 thousand tonnes in **2017**.

- Sales** of 9.6 million tonnes of iron ore in **4Q17**, up 20% on 3Q17, of which 1.2 million tonnes were sold to CSN's Presidente Vargas Plant. In **2017**, iron ore sales to third parties totaled 27.4 million tonnes, 17% lower than sales in 2016. CSN Mining sold 5.2 million tonnes to Presidente Vargas Steelworks - UPV (+26%), following the strong increase in steel production in the year.

| | | | | | | | |
|-------------------------------------|------------------------------|---------------|--------------|--------------|--------|-------|-------|
| Iron ore Production | 7,758 | 7,738 | 6,378 | 32,174 | 29,921 | (18%) | (7%) |
| Third Party Ore Purchases | 609 | 1,419 | 1,828 | 3,399 | 3,551 | 29% | 4% |
| Total Production + Purchases | 8,3679,1578,20635,573 | 33,472 | (10%) | (6%) | | | |
| UPV Sale | 1,264 | 1,321 | 1,236 | 4,120 | 5,211 | (6%) | 26% |
| Third Parties Sales Volume | 7,927 | 6,632 | 8,325 | 32,863 | 27,365 | 26% | (17%) |
| Total Sales | 9,1917,9539,56136,983 | 32,576 | 20% | (12%) | | | |

Production and sales volumes include 100% stake in CSN Mining.

- In **4Q17, Net Revenue** from mining operations reached R\$ 1,175 million, 2% less than in the previous quarter, due to lower prices. CIF + FOB unit revenue in 4Q17 was US\$ 49.9/t, down 10% from the previous quarter. In **2017**, net revenue from mining operations added up to R\$ 4,621 million, 1% higher than in 2016, due to the lower volume sold and offset by better prices. In **2017**, CIF + FOB unit revenue stood at US\$ 53.8/t, while the iron ore price index (*Platts*, 62% Fe, N.China) moved up by an average of 22% in the same comparison.
- **COGS** from mining operations totaled R\$ 909 million in **4Q17**, an increase of 26% over 3Q17, due to the higher volume traded in the period (+20%) and the highest proportion of volume purchased from third parties. In **2017**, the cost of mining products reached R\$ 3,006 million, 3% lower than in 2016, in view of the lower volume sold (-12%).
- **Adjusted EBITDA** reached R\$ 351 million in **4Q17**, down 38% from 3Q17. The adjusted EBITDA margin reached 30% in 4Q17, or 17p.p. below 3Q17, mainly due to lower prices and higher freight. In **2017**, the **Adjusted EBITDA** totaled R\$ 1,947 million, 11% higher than in 2016. Adjusted EBITDA margin was 42%, or 4p.p. higher than in 2016.

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As of 4Q16, the company started to report the price realized considering the sum of the CIF and FOB values, as shown above.

Results from CSN's Logistics

Railway Logistics: In **4Q17**, **Net Revenue** reached R\$ 365 million, generating adjusted **EBITDA** of R\$ 142 million and adjusted **EBITDA margin** of 39.1%. In **2017**, **Net Revenue** totaled R\$ 1,417 million, generating adjusted **EBITDA** of R\$ 592 million accompanied by adjusted **EBITDA margin** of 42%.

Port Logistics: in **4Q17**, Sepetiba Tecon shipped 253 thousand tonnes of steel products, in addition to 3 thousand tonnes of general cargo and approximately 69 thousand containers. In 4Q17, **Net Revenue** reached R\$ 71 million, generating adjusted **EBITDA** of R\$ 22 million and adjusted **EBITDA margin** of 31%. In **2017**, Sepetiba Tecon handled 990 thousand tonnes of steel products (+23% against 2016), 9 thousand tonnes of general cargo and 188 thousand containers. In the year, **Net Revenue** totaled R\$ 238 million, generating adjusted **EBITDA** of R\$ 69 million and adjusted **EBITDA margin** of 31%.

| | | | | | | |
|--|-----|-----|-----|-----|-----|-------|
| Container volume (thousand units) | 51 | 69 | 140 | 188 | 35% | 34% |
| Volume of Steelmakers (thousand tonne) | 250 | 253 | 804 | 990 | 1% | 23% |
| Volume of General Cargo (thousand tonne) | 0 | 3 | 24 | 9 | - | (63%) |

Results from CSN's Cement

The **Brazilian cement production** fell by 4.4% in the **last 12 months** when compared to the same period of the previous year, following the civil construction segment's performance, according to **IBGE's** Monthly Survey of Industry (PIM-PF).

According to preliminary figures from **SNIC** (the Cement Industry Association), **local cement sales** accumulated 53.8 million tonnes during the year of **2017**, a decrease of 6.4% in relation to the same period of the previous year. In 2018, SNIC expects cement sales to growth between 1% and 2% over 2017.

In **4Q17**, **cement sales** totaled 661 thousand tonnes, 34% less than in 3Q17, generating **Net Revenue** of R\$ 106 million. **Adjusted EBITDA** reached R\$ 3 million, with adjusted **EBITDA margin** of 3%. In **2017**, 3,311 thousand tonnes of cement were sold, 18% more than reported in 2016. In 2017, **net revenue** amounted to R\$487 million, while adjusted **EBITDA** reached R\$15 million with adjusted **EBITDA margin** of 3%.

| | | | | | | | |
|------------------|-----|-----|-----|-------|-------|-------|-----|
| Total Production | 801 | 982 | 726 | 2,846 | 3,366 | (26%) | 18% |
| □□Total Sales | 799 | 998 | 661 | 2,814 | 3,311 | (34%) | 18% |

Results from CSN's Energy

According to the **Energy Research Company** (EPE), the **electricity consumption in Brazil** totaled 462GWh through December **2017**, an increase of 0.8% over the same period of the previous year. The industrial and commercial segments showed an increase in energy consumption of 0.3% and 1.1%, respectively, in 2017. The residential segment increased energy consumption by 0.8% due to the more favorable economic scenario.

In **4Q17**, **Net Revenue** from energy operations totaled R\$ 104 million, adjusted **EBITDA** came to R\$ 28 million with adjusted **EBITDA margin** of 27%. In **2017**, a **Net Revenue** reached R\$ 408 million, adjusted **EBITDA** was R\$ 113 million and adjusted **EBITDA margin** was 28%.

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Capital Market

In **2017**, CSN shares recorded a 22.8% devaluation, while Ibovespa appreciated by 26.9%. The daily traded volume (CSNA3) on B3, in turn, was R\$ 65.9 million. On the *New York Stock Exchange* (NYSE), CSN's *American Depositary Receipts* (ADRs) registered a 22.1% devaluation, while *Dow Jones* increased by 25.3%. On NYSE, the daily traded volume of CSN's ADRs was \$ 7.2 million.

| | | |
|---|------------------|------------------|
| Number of shares in thousands | 1,387,524 | 1,387,524 |
| Market value | | |
| Closing Price (R \$ / share) | 8,38 | 8,38 |
| Closing Price (US \$ / ADR) | 2,52 | 2,52 |
| Market Value (R \$ million) | 11,627 | 11,627 |
| Market Value (US \$ million) | 3,497 | 3,497 |
| Total return including dividends and JCP | | |
| CSNA3 | (12.8%) | (22.8%) |
| SID | (11.0%) | (22.1%) |
| Ibovespa | 2.8% | 26.9% |
| Dow Jones | 10.9% | 25.3% |
| Volume | | |
| Daily average (thousand shares) | 10,227 | 7,571 |
| Daily average (R\$1000) | 87,317 | 65,931 |
| Daily average (thousand ADRs) | 3,023 | 2,585 |
| Average daily (US\$ thousand) | 8,000 | 7,213 |
| <i>Source: Bloomberg</i> | | |

**Conference Call in Portuguese with
Simultaneous Translation into English**

March 27, 2018 - Tuesday

10:00 a.m. (US EDT)

11:00 a.m. (Brasília time)

Phone: +1 (516) 300-1066

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Some of the statements contained herein are forward-looking statements that express or imply expected results, performance or events. These perspectives include future results that may be influenced by historical results and the statements under 'Outlook'. Actual results, performance 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, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

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Sales Volume (thousand tonnes)

| | | | | | | | |
|----------------------------------|------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Flat Steel | 689 | 730 | 720 | 2,607 | 2,608 | (10) | 1 |
| Plate | - | 1 | 1 | 0 | 2 | - | 2 |
| Hot Rolled | 243 | 267 | 275 | 921 | 973 | 8 | 52 |
| Cold Rolled | 137 | 155 | 129 | 491 | 520 | (26) | 29 |
| Galvanized | 207 | 234 | 236 | 826 | 818 | 2 | (8) |
| Tin Plates | 102 | 73 | 78 | 370 | 295 | 5 | (75) |
| Long Steel UPV | 47 | 72 | 50 | 176 | 233 | (22) | 57 |
| DOMESTIC MARKET | 736 | 802 | 770 | 2,784 | 2,841 | (32) | 57 |
| Flat Steel | 270 | 321 | 285 | 1,298 | 1,272 | (36) | (26) |
| Hot Rolled | 9 | 16 | 24 | 114 | 74 | 8 | (40) |
| Cold Rolled | 18 | 22 | 8 | 89 | 77 | (14) | (12) |
| Galvanized | 202 | 233 | 202 | 937 | 925 | (31) | (12) |
| Tin Plates | 41 | 51 | 52 | 158 | 197 | 1 | 39 |
| Long Steel (profiles) | 181 | 177 | 198 | 775 | 808 | 21 | 33 |
| FOREIGN MARKET | 451 | 499 | 484 | 2,073 | 2,081 | (15) | 8 |
| Flat Steel | 959 | 1,051 | 1,005 | 3,906 | 3,880 | (46) | (26) |
| Plate | - | 1 | 1 | 0 | 2 | - | 2 |
| Hot Rolled | 252 | 283 | 298 | 1,035 | 1,047 | 15 | |