

NATIONAL STEEL CO
Form 6-K/A
October 30, 2017

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

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

For the month of October, 2017
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, October 27, 2017

3Q16 Earnings Release

Company Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the third quarter of 2016 (3Q16), which are presented in Brazilian Reais and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting norms, 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. All comments presented herein refer to the Company's 3Q16 consolidated results and comparisons refer to the second quarter of 2016 (2Q16) and the third quarter of 2015 (3Q15), unless otherwise stated. The Real/U.S. Dollar exchange rate was R\$3.2456 on September 30, 2016 and R\$3.2092 on June 30, 2016.

Operational and Financial Highlights during 3Q16

- **R\$1,239 million EBITDA generated**, a 45% increase over 2Q16, with 26,2% EBITDA Margin.
- The **Gross Profit registered RS1,312 million** during 3Q16, 42% higher than 2Q16. The **gross margin reached 29%**, 7p.p. above 2Q16.
- **Steel EBITDA of R\$552 million**, with 19% EBITDA margin, 49% higher than 2Q16, showing the recovery of the steel sector in the domestic market.

- 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.
- **The leverage fell by 0.9x**, closing the quarter at 7.4x, versus 8.3x in 2Q16, thanks to increased EBITDA generation in the last 12 months.

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3Q16 EARNINGS RELEASE

Steel Sales (thousand t)	1,191	1,253	1,172	(6%)	(2%)
- Domestic Market	58%	53%	62%	9%	4%
- Overseas Subsidiaries	39%	40%	34%	(6%)	(5%)
- Exports	3%	7%	4%	(3%)	1%
Iron Ore Sales (thousand t)¹	7,585	9,267	10,230	10%	35%
- Domestic Market	0%	7%	11%	4%	11%
- Exports	100%	93%	89%	(4%)	(11%)
Consolidated Results (R\$ Million)					
Net Revenue	3,934	4,164	4,469	7%	14%
COGS	(2,994)	(3,240)	(3,157)	(3%)	5%
Gross Profit	940	924	1,312	42%	39%
SG&A Expenses	(529)	(497)	(523)	5%	(1%)
Adjusted EBITDA ²	853	855	1,239	45%	45%
Adjusted Net Debt ³	23,417	25,873	25,842	-	10%
Adjusted Cash Position	12,236	5,678	5,663	-	(54%)
Net Debt / Adjusted EBITDA	6.5x	8.3x	7.4x	(0.9x)	0.8x

¹ Iron ore sales volumes include 100% of the stake in NAMISA until November 2015 and 100% of the stake in Congonhas Minérios as of December 2015.

² Adjusted EBITDA is calculated based on net income/loss, before depreciation and amortization, income taxes, the net financial result, results from investees, and other operating income (expenses) and includes the proportional share of the EBITDA of the jointly-owned investees MRS Logística and CBSI, as well as the Company's 60% interest in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

³ Adjusted Net Debt and Adjusted Cash and Cash Equivalents included 33.27% of the stake in MRS, 60% of the interest in Namisa and 50% of the stake in CBSI until November 2015. As of December 2015, they included 100% of Congonhas Minérios, 32.27% of MRS and 50% of CBSI, excluding Forfeiting and drawee risk operations.

CSN's Consolidated Results

- **Net revenue** totaled R\$4,469 million in 3Q16, 7% up on 2Q16, thanks to higher revenue from the mining segment.
- **COGS** amounted to R\$3,157 million, 3% down on the previous three months. The quarter-over-quarter reduction was chiefly due to the greater dilution of fixed costs in steel production.
- Third-quarter **gross profit** came to R\$1,312 million, 42% higher than in 2Q16. The gross margin stood at 29%, up by 8 p.p. compared to 2Q16.
- **Selling, general and administrative expenses** totaled R\$523 million, 5% more than in 2Q16, mainly due to the 10% upturn in distribution costs.
- **Other operating income (expenses)** was a negative R\$1.8 million in 3Q16, versus a negative R\$171 million negative in 2Q16.
- **The proportional net financial result** was negative by R\$770 million, due to: i) financial expenses (excluding the exchange variation) of R\$847 million; ii) the negative exchange variation result of R\$74 million; and (iii) the result was partially offset by the financial revenue of R\$151 million.

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3Q16 EARNINGS RELEASE

Financial Result - IFRS	(1,549)	(198)	(750)
(+) Financial Result of Joint-Venture	770	(23)	(20)
(+) Namisa	800	-	-
(+) MRS	(29)	(24)	(20)
(+) Metalic	-	1	1
(=) Proporcional Financial Result¹	(779)	(221)	(770)
Financial Revenues	123	150	151
Financial Expenses	(901)	(371)	(921)
Financial Expenses (ex-exchange rates variation)	(1,034)	(849)	(847)
Result with Exchange Rate Variation	134	478	(74)
Monetary and Exchange Rate Variation	(1,751)	1,220	(136)
Hedge Accounting	1,214	(595)	61
Notional Amount of Derivatives Contracted	671	(146)	2

¹ The proportional financial result considered stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

- CSN's **equity result** was a positive R\$26 million in 3Q16, versus a positive R\$17 million in 2Q16, chiefly due to MRS's equity result, as shown below:

Namisa	867	-	-
MRS Logística	17	32	42
CBSI	-	-	1
TLSA	(9)	(4)	(6)
Arvedi Metalfer BR	(5)	-	2
Eliminações	(8)	(9)	(13)
Unrealized Profit		(2)	(1)
Share of profits (losses) of investees	861	17	26

- CSN recorded a third-quarter **net loss** of R\$67 million, versus net profit of R\$46 million in 2Q16.

Profit (loss) for the Period	(533)	46	(67)	-	(84%)
Discontinued operations, net	-	-	7	-	-
Depreciation	285	303	311	2%	9%
Income Tax and Social Contribution	169	28	123	332%	(17%)
Finance Income	1,549	198	750	280%	(52%)
EBITDA (ICVM 527)	1,470	575	1,125	95%	(23%)
Other Operating Income (Expenses)	85	171	2	(99%)	(98%)
Share of Profit (Loss) of Investees	(861)	(17)	(26)	56%	(97%)
Proportionate EBITDA of Joint Ventures	159	125	138	11%	(13%)
Adjusted EBITDA¹	853	855	1,239	45%	45%

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

- **Adjusted EBITDA** amounted to R\$1,239 million in 3Q16, 45% up on both the quarter before, accompanied by an adjusted EBITDA margin of 26.2%, 6,8p.p. higher than in 2Q16.

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¹ The adjusted EBITDA margin is calculated as the ratio between Adjusted EBITDA and Adjusted Net Income, which considers stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

Debt

The adjusted amounts of EBITDA, Debt and Cash included the stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, as of December 2015. On June 30, 2016, consolidated net debt totaled R\$25,842 million, while the net debt/EBITDA ratio stood at 7.36x, based on LTM adjusted EBITDA.

Foreign Exchange Exposure

The FX exposure of our consolidated balance sheet on September 30, 2016 was US\$1,826 million, as shown in the table below. It is important to mention that the net FX exposure includes a liability totaling US\$1.0 billion in the Loans and Financing line related to the Perpetual Bonds, which, due to its nature, will not require disbursements for the settlement of

the principal amount in the foreseeable future.

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The hedge accounting adopted by CSN correlates projected export inflows in dollars with part of the scheduled debt payments in the same currency. Therefore, the exchange variation of the dollar-denominated debt is temporarily booked under shareholders' equity, being recorded in P&L when revenues in USD from exports are received.

Cash and cash equivalents overseas	802	851
Accounts Receivable	307	298
Others	10	14
Total Assets	1,119	1,163
Borrowings and Financing	(4,437)	(4,393)
Accounts Payable	(6)	(18)
Other Liabilities	(7)	(12)
Total Liabilities	(4,450)	(4,423)
Foreign Exchange Exposure	(3,332)	(3,261)
Notional Amount of Derivatives Contracted, Net	-	(98)
Cash Flow Hedge Accounting	1,541	1,533
Net Foreign Exchange Exposure	(1,791)	(1,826)
Perpetual Bonds	1,000	1,000
Net Foreign Exchange Exposure Perpetual Bonds	(791)	(826)

Capex

CSN invested R\$467 million in 2Q16 and R\$1,180 million in 9M16, led by:

- Investments in the new clinker kiln in Arcos-MG, allowing the cement segment to generate competitive margins and scale gains in the Southeast region due to self-sufficiency in clinker production.

Steel	173	136	133
Mining	473	61	56
Cement	139	261	157
Logistics	19	13	36
Others	0	0	13
Total Investment IFRS	804	467	383

Working Capital

The working capital applied to the Company's business totaled R\$2,666 million in 3Q16, R\$133 million less than in 2Q16, chiefly due the declined of R\$106 million in the inventory turnover and the R\$210 million upturn in accounts receivable. On a same comparison basis, the average receivable period increased by 3 days, and the payment periods increased 10 days respectively, while inventory turnover down on 3 days.

Assets	6,371	4,874	4,953	8	(1,418)
Accounts Receivable	2,302	1,579	1,789	210	(513)
Inventory Turnover	3,838	3,108	3,002	(106)	(836)
Advances to Taxes:	231	186	162	(24)	(69)
Liabilities	2,392	2,074	2,287	213	(105)
Suppliers:	1,724	1,345	1,690	344	(34)
Salaries and Social Contribution	282	260	287	27	5
Taxes Payable	328	418	248	(170)	(80)
Advances from Clients	59	51	63	12	4
Working Capital	3,979	2,799	2,666	(133)	(1,313)
Receivables	46	31	34	3	(12)
Supplier Payment	53	39	49	10	(4)
Inventory Turnover	118	90	87	(3)	(31)
Cash Conversion Cycle	111	82	72	(10)	(39)

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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:

Note:For the purpose of preparing and presenting the information by business segment, Management opted to maintain the proportional consolidation of its jointly-owned subsidiaries, as historically presented. For the reconciliation of CSN's consolidated results, these companies' results are eliminated in the "corporate/elimination expenses" column.

In order to report the Company's 2015 results, after the combination of CSN's mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result includes all this new company's information.

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3Q16 EARNINGS RELEASE

Net Revenue	2,867	1,307	50	355	140	68	(318)	4,469
Domestic Market	1,893	145	50	355	140	68	(551)	2,100
Foreign Market	974	1,162	-	-	-	-	233	2,369
Cost of Goods Sold	(2,300)	(811)	(37)	(237)	(131)	(49)	407	(3,157)
Gross Profit	567	497	13	119	9	19	89	1,312
Selling, General and Administrative Expenses	(183)	(15)	(8)	(24)	(20)	(7)	(267)	(523)
Depreciation	169	118	3	57	15	4	(56)	311
Proportional EBITDA of Jointly Controlled Companies	-	-	-	-	-	-	138	138
Adjusted EBITDA	552	599	9	152	4	17	(95)	1,239
			2,878	1,016	45	337	109	66
			1,607	77	45	337	109	66
								(287)
								(472)

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t	1,271	939	-	-	-	-	185
Sold	(2,459)	(743)	(34)	(227)	(102)	(48)	373
	419	273	11	111	7	18	86
al and Administrative Expenses	(214)	(13)	(3)	(27)	(17)	(6)	(218)
	164	105	3	56	17	4	(48)
BITDA of Jointly Controlled Companies	-	-	-	-	-	-	125
TDA	369	365	11	141	7	16	(54)

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3Q16 EARNINGS RELEASE

Steel

According to preliminary figures from the World Steel Association (WSA), global crude steel production totaled 1,197 million tonnes in 9M16, 0.5% down on the same period last year.

According to the Brazilian Steel Institute – IABr (also preliminary figures), domestic production came to 8.0 million tonnes, 8% up on the previous three months, giving a year-to date total of 22.9 million tonnes, 9% less than in the first nine months of 2015. Domestic production of rolled products stood at 5.6 million tonnes in the third quarter, 8% more than in 2Q16, giving 15.8 million tonnes in the first nine months, a 9.3% year-on-year reduction. Apparent consumption through September totaled 13.7 million tonnes, 19.1% less than in 9M15, with domestic sales of 12.6 million tonnes, down by 11.7%. In the same period, imports declined by 57.8% to 1.2 million tonnes, while exports edged up by 0.2% to 10.1 million tonnes.

According to INDA (the Brazilian Steel Distributors' Association), 3Q16 steel purchases sales by distributors increased by 12.8% year-on-year, while sales fell by 3.2%, totaling 751.4 million and 755.3 million tonnes, respectively. Inventories closed the quarter at 895,300 tonnes, 3.4% up on the previous month, representing 3.6 months of sales.

Automotive

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 1.6 million units in the first nine months of 2016, 18% down on 9M15. In the same period, new car, light commercial vehicle, truck and bus licensing fell by 23% to 1.5 million units. The association estimates a reduction in annual vehicle sales of up to 19% over 2015.

Construction

According to SECOVI-SP (the São Paulo Residential Builders' Association), residential real estate launches in the city of São Paulo totaled 8,007 units in 2016 through August, 37.5% down on the 12,802 units launched in the same period last year.

According to ABRAMAT (the Construction Material Manufacturers' Association), sales of building materials in the first nine months fell by 11.8% YoY.

Home Appliances

According to the Brazilian Institute of Geography and Statistics (IBGE), home appliance production in the year through September fell by 7.2% over the same period last year and by 11.6% in the last 12 months, reflecting the low level of business and consumer confidence.

Results from CSN's Steel Operation

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3Q16 EARNINGS RELEASE

- **Total steel product sales** came to 1,172,000 tonnes in 3Q16, 6% down on 2Q16. Of this total, 62% went to the domestic market, 34% were sold by our subsidiaries abroad and 4% went to exports.

- Third-quarter **domestic steel sales** totaled 730,000 tonnes 9% up on 2Q16, 682,000 tonnes of which flat steel and 49,000 tonnes long steel.

- Third-quarter **foreign sales** amounted to 441,000 tonnes, 24% down on 2Q16. Of this total, the oversea subsidiaries sold 398,000 tonnes, 159,000 of which by LLC, 159,000 by SWT and 80,000 by Lusosider, while direct exports came to 44,000 tonnes.

- In 3Q16, CSN maintained its high **share of coated products** as a percentage of total sales volume, in line with its strategy of adding more value to the product mix. Total sales of coated products such as galvanized items and tin plate accounted for 59% of flat steel sales, in line with 2Q16, considering all the markets in which the Company operates. In the **foreign market**, the share of coated products moved up from 85% to 88% in 3Q16.

- **Net revenue** totaled R\$2,867 million in 3Q16, in line with the previous quarter, primarily due to the upturn in domestic sales volume and higher prices for the period. Net average revenue per tonne stood at R\$2,382, 7% higher than 2Q16.

- The parent company's **production cost** reached R\$1,446 million in 3Q16, 33% up on 2Q16, mainly due to increased output of slabs and rolled products, which moved up by 48% and 25%, respectively.

- The **slab production cost** came to R\$1,114/t, 13% down on 2Q16.

- **Adjusted EBITDA** amounted to R\$552 million in 3Q16, 49% up on the R\$369 million recorded in 2Q16, accompanied by a 6p.p. increase in the adjusted EBITDA margin from 13% to 19%.

The **parent company's slab** production totaled 738,000 tonnes in 3Q16, 48% up on 2Q16, while flat rolled steel output came to 835,000 tonnes, 25% up on 2Q16.

Total Slabs (UPV + Third Parties)	1,084	510	857	68%	(21%)
Crude Steel Production	1,023	500	738	48%	(28%)
Third Parties Slabs	61	10	119	-	95%
Total Rolled Products	989	668	835	25%	(16%)

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3Q16 EARNINGS RELEASE

Mining

In 3Q16, the seaborne iron ore market continued to be influenced by the healthy fundamentals of the Chinese steel segment. The policies to stimulate the economy introduced at the beginning of the year continued to fuel the real estate market and investments in infrastructure, which are the main drivers of the country's steel consumption. At the same time, the decommissioning of obsolete blast furnaces reduced the supply base, increasing the pricing power of the remaining plants. As a result, prices and margins remained healthy, encouraging steel production and the use of iron ore. Given this scenario, the commodity's price averaged US\$58.60/dmt (Platts, Fe62%, N. China) in 3Q16, 5.4% up on the previous quarter.

Maritime freight costs on Route CI-C3 (Tubarão-Qingdao) averaged US\$10.02/t in 3Q16, 18.9% up on 2Q16. The combination of scrapped ships and increased seaborne volume of iron ore resulted in higher fleet utilization and more chartering of capsized vessels. The route price was also influenced by the upturn in oil prices.

Results from CSN's Mining Operations

- In 3Q16, **iron ore production** totaled 8.6 million tonnes, in line with 2Q16.
- Third-quarter **iron ore purchases** came to 797,000 tonnes, 42% down on 2Q16.
- **Iron ore sales** came to 10.2 million tonnes in 3Q16, 10% up on 2Q16. Shipped iron ore volume totaled 8.7 million tonnes, 5% down on 2Q16. During 3Q16, 1.1 million tonnes from

Congonhas Minérios were sold to CSN's Presidente Vargas Plant.

Iron Ore Production ¹	7,941	8,537	8,553	0%	8%
Third Parties Purchase	1,587	1,376	797	(42%)	(50%)
Total Production + Purchase	9,528	9,913	9,350	(6%)	(2%)
UPV Sale	1,412	695	1,114	60%	(21%)
Third Parties Sales Volume	7,585	8,572	9,116	6%	20%
Total Sales	8,997	9,267	10,230	10%	14%

¹ Production and sales volumes include 100% of the stake in NAMISA until November/15 and 100% of the interest in Congonhas in December/15.

- **Net revenue** from mining operations totaled R\$1.3 billion, 29% up on 2Q16. The upturns were due to a combination of increased total iron ore sales volume, which came to 10.2 million tonnes this quarter, and higher average prices.

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3Q16 EARNINGS RELEASE

- Mining segment **COGS** came to R\$811 million in 3Q16, 9% up to 2Q16. Congonhas Minérios recorded a Chinese delivery cost excluding depreciation of US\$32.4/wmt, 15% increase on the previous quarter, mainly due to higher seaborne freight charges, which register an average of US\$12.88/t during 3Q16, against US\$10,86 during 2Q16.
- **Adjusted EBITDA** stood at R\$599 million in 3Q16, 64% up on 2Q16, with an adjusted EBITDA margin of 46%, 10p.p. more than in 2Q16, chiefly due to the increase in FOB export prices and higher total sales volume.

Logistics

Railway Logistics: In 3Q16, **net revenue** came to R\$355 million, generating **EBITDA** of R\$152 million and **an EBITDA margin** of 43%.

Port Logistics: In the third quarter, Sepetiba Tecon handled 34,000 containers, in addition to 127,000 tonnes of steel products and 5,000 tonnes of general cargo. **Net revenue** totaled R\$50 million, generating **EBITDA** of R\$9 million, accompanied by an **EBITDA margin** of 18%.

Containers Volume (thousand units)	44	32	34	9%	(22%)
Steel Products Volume (thousand t)	304	197	127	(36%)	(58%)
General Cargo Volume (thousand t)	87	1	5	-	-

Cement

According to the IBGE's Monthly Industrial Survey (PIM-PF), Brazil's cement production fell by 15.8% year-on-year in September, in line with the performance of the construction industry.

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 43 million tonnes in 9M16, 13% less than in the same period the year before. For 2016 as a whole, SNIC estimates a sales decline of between 12% and 13%.

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3Q16 EARNINGS RELEASE

Results of CSN's Cement Operations

In 3Q16, **cement sales** amounted to 850,000 tonnes, 43% up on 2Q16, while **net revenue** came to R\$140 million. **EBITDA** totaled R\$4 million, accompanied by an **EBITDA margin** of 3%.

Total Production	627	606	860	42%	37%
Total Sales	582	594	850	43%	46%

Energy

According to the Energy Research Company (EPE), Brazilian electricity consumption totaled 344TWh in 2016 through September, 0.9% less than in the same period of 2015. Consumption in the industrial and commercial segments fell by 3.7% and 1.6%, respectively, while residential consumption climbed by 1.8%.

Results from CSN's Energy Operations

In 3Q16, **net revenue** from energy operations totaled R\$68 million, **EBITDA** stood at R\$17 million and the **EBITDA margin** came to 25%.

Capital Market

CSN's shares appreciated by 16% in 3Q16, while the Ibovespa increased by 13% in the same period. Daily traded volume on the BM&FBovespa averaged R\$76.2 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) moved up by 13%, versus the Dow Jones' 1% appreciation. On the NYSE, daily traded volume of CSN's ADRs averaged US\$6.0 million.

Number of shares in thousand	1,387,524
Market Capitalization	
Closing price (R\$/share)	9.09
Closing price (US\$/ADR)	2.76
Market Capitalization (R\$ million)	12,613
Market Capitalization (US\$ million)	3,886
Total return including dividends and interest on equity	
CSNA3	16%
SID	13%
Ibovespa	13%
Dow Jones	1%
Volume	
Average daily (thousand shares)	7,943
Average daily (R\$ thousand)	76,184
Average daily (thousand ADRs)	2,039
Average daily (US\$ thousand)	6,019
Source: <i>Bloomberg</i>	

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3Q16 EARNINGS RELEASE

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

October 31, 2017 – Tuesday

12:30 p.m. (US EDT)

02:30 p.m. (Brasília time)

Phone: +1 (516) 300-1066

Code: CSN

Replay phone: +55 (11) 3127-4999

Replay code: 42709759

Conference ID: CSN

Webcast: www.csn.com.br/ri

Certain of the statements contained herein are forward-looking statements, which express or imply results, performance or events that are expected in the future. These include future results that may be implied 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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3Q16 EARNINGS RELEASE

INCOME STATEMENT CONSOLIDATED – Corporate Law (In thousand of R\$)

Net Revenues	3.933.604	4.163.827	4.469.240
Domestic Market	1.807.568	1.768.985	2.100.371
Foreign Market	2.126.036	2.394.842	2.368.869
Cost of Goods Sold (COGS)	(2.993.905)	(3.239.694)	(3.157.057)
COGS, excluding depreciation	(2.716.293)	(2.942.345)	(2.851.368)
Depreciation allocated to COGS	(277.612)	(297.349)	(305.689)
Gross Profit	939.699	924.133	1.312.183
Gross Margin (%)	24%	22%	29%
Selling expenses	(407.113)	(390.976)	(403.112)
General and administrative expenses	(116.668)	(100.767)	(114.429)
Depreciation allocated to SG&A	(5.686)	(5.690)	(5.662)
Other operation income (expense), net	(85.057)	(171.093)	(1.776)
Share of profits (losses) of investees	861.352	16.732	26.117
Operational Income before Financial Results	1.186.527	272.339	813.321
Net Financial Results	(1.549.045)	(197.668)	(750.292)
Income before social contribution and income taxes	(362.518)	74.671	63.029
Income Tax and Social Contribution	(169.405)	(28.413)	(122.796)
Continued operations, net	(531.923)	46.258	(59.767)
Discontinued Operations, Net	(728)	(135)	(6.984)
Profit/(Loss) for the period	(532.651)	46.123	(66.751)

Parent Company - Corporate Law (In thousand of R\$)

Net Revenues	3,118,708	2,191,674	2,288,121
Domestic Market	1,660,652	1,660,652	2,010,365
Foreign Market	1,458,056	531,022	277,756
Cost of Goods Sold (COGS)	(2,472,690)	(1,906,666)	(1,825,749)
COGS, excluding depreciation	(2,249,203)	(1,770,966)	(1,686,217)
Depreciation allocated to COGS	(223,487)	(135,700)	(139,532)
Gross Profit	646,018	285,008	462,372
Gross Margin (%)	21%	13%	20%
Selling expenses	(183,412)	(135,798)	(139,917)
	(94,793)	(70,168)	(85,694)

General and administrative expenses			
Depreciation allocated to SG&A	(3,909)	(3,997)	(4,074)
Other operation income (expense), net	(86,261)	(85,196)	72,502
Share of profits (losses) of investees	2,601,253	(341,273)	313,350
Operational Income before Financial Results	2,878,896	(351,424)	618,539
Net Financial Results	(3,287,418)	380,363	(713,121)
Income before social contribution and income taxes	(408,522)	28,939	(94,582)
Income Tax and Social Contribution	(123,263)	2,049	3,321
Continued operations, net	(531,785)	30,988	(91,261)
Discontinued Operations, Net	(728)	(135)	(6,984)
Profit/(Loss) for the period	(532,513)	30,853	(98,245)

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3Q16 EARNINGS RELEASE

BALANCE SHEET Company Corporate Law (In Thousand of R\$)

Current assets	16,430,691	12,127,269	8,842,440
Cash and cash equivalents	8,624,651	5,433,056	2,648,798
Trade receivables	1,578,277	1,859,630	2,467,523
Inventories	4,941,314	3,799,306	2,850,744
Other current assets	1,286,449	1,035,277	875,375
Non-current assets	30,908,718	32,025,354	35,727,929
Long-term receivables	1,661,987	1,625,437	1,281,470
Investments measured at amortized cost	3,998,239	5,078,288	25,517,369
Property, plant and equipment	17,826,226	18,013,518	8,866,348
Intangible assets	7,422,266	7,308,111	62,742
Total assets	47,339,409	44,152,623	44,570,369
Current liabilities	5,082,199	5,034,019	4,272,372
Payroll and related taxes	256,840	286,640	141,496
Suppliers	1,293,008	1,580,180	742,364
Taxes payable	457,391	220,453	5,814
Borrowings and financing	1,874,681	1,831,210	2,879,073
Other payables	1,073,017	970,386	411,699
Provision for tax, social security, labor and civil risks	127,262	110,648	91,926
Liabilities over non-current assets to sell and discontinued	-	34,502	-
Non-current liabilities	35,165,922	31,333,687	34,334,488
Borrowings and financing	32,407,834	28,497,797	31,109,017
Deferred Income Tax and Social Contribution	1,072,033	1,157,103	666,081
Other payables	131,284	131,539	126,450
Provision for tax, social security, labor and civil risks	711,472	704,087	564,372
Other provisions	843,299	843,161	1,868,568
Shareholders' equity	7,091,288	7,784,917	5,963,509
Paid-in capital	4,540,000	4,540,000	4,540,000
Capital reserves	30	30	30
Accumulated Losses	-367,214	(1,219,797)	(367,214)
Statutory reserve	1,790,693	3,282,253	1,790,693
Non-controlling interests	1,127,779	1,182,431	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	47,339,409	44,152,623	44,570,369

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3Q16 EARNINGS RELEASE

CASH FLOW STATEMENT CONSOLIDATED - Corporate Law (In Thousand of R\$)

Net cash generated by operating activities	208,504	505,066
(Net Losses) / Net income attributable to controlling shareholders	30,853	(98,245)
Loss for the period attributable to non-controlling interests	15,270	31,494
Charges on borrowings and financing	724,161	728,857
Depreciation, depletion and amortization	315,448	319,323
Share of profits (losses) of investees	(18,428)	(25,066)
Deferred income tax and social contribution	1,627	45,685
Foreign exchange and monetary variations, net	(979,950)	218,991
Write off fixed assets and intangible	14,022	34,803
Gain with business combination		(28,013)
Environmental liabilities and Deactivation Provisions		(138)
Fiscal, Social Security, Labor, Civil and Environmental Provisions	(57,570)	1,121
Working Capital	814,460	186,994
Accounts Receivable	107,092	(190,068)
Trade Receivables – Related Parties	(119)	7,429
Inventory	663,574	5,413
Interest receive - Related Parties		6,449
Judicial Deposits	20,526	932
Suppliers	(37,119)	383,114
Taxes and Contributions	159,484	(108,007)
Others	(98,978)	81,732
Others Payments and Receipts	(651,389)	(910,740)
Interest Expenses	(651,389)	(910,740)
Cash Flow from Investment Activities	(367,577)	(445,587)
Investments/Advance for Future Capital Increase	(190,435)	
Fixed Assets/Intangible	(467,222)	(382,583)
Derivative transactions	(158,865)	2,498
Related parties loans		(32,118)
Short-term investment, net of redeemed amount	448,945	6,377
		(40,702)

Cash and Cash Equivalent from discontinued operations		
Cash and Cash Equivalent from CGPAR Consolidation		941
Cash Flow from Financing Companies	(232,973)	(83,219)
Borrowings and financing raised, net of transaction costs	(180)	(139)
Borrowing Fortaiting/Drawee risk	1,902	
Amortizations for Fortaiting/Drawee risk	(136,451)	(42,690)
Borrowing amortizations - principal	(91,639)	(46,942)
Dividends/Interest on equity		(53)
Buyback of debt securities	(6,605)	6,605
Foreign Exchange Variation on Cash and Cash Equivalents	23,021	(23,929)
Free Cash Flow	(369,025)	(47,669)

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SALES VOLUME CONSOLIDATED (thousand tonnes)

	3Q15	2Q16	3Q16	Change	
				3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	645	626	682	56	37
Slabs	-	0	-	(0)	-
Hot Rolled	233	225	233	8	(0)
Cold Rolled	128	117	129	12	1
Galvanized	195	203	218	15	23
Tin Plates	88	81	102	21	14
Long Steel UPV	41	43	49	6	8
DOMESTIC MARKET	686	669	730	62	44

	3Q15	2Q16	3Q16	3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	351	365	282	(83)	(69)
Hot Rolled	68	29	16	(13)	(52)
Cold Rolled	47	25	19	(6)	(28)
Galvanized	198	259	212	(46)	14
Tin Plates	38	52	35	(17)	(3)
Long Steel (profiles)	154	219	159	(60)	5
FOREIGN MARKET	505	584	441	(143)	(64)

	3Q15	2Q16	3Q16	3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	996	991	964	(27)	(32)
Slabs	-	0	-	(0)	-
Hot Rolled	301	254	249	(5)	(52)
Cold Rolled	175	143	148	5	(27)
Galvanized	393	462	431	(31)	38
Tin Plates	126	133	136	4	10
Long Steel UPV	41	43	49	6	8
Long Steel (profiles)	154	219	159	(60)	5
TOTAL MARKET	1,191	1,253	1,172	(81)	(19)

SALES VOLUME PARENT COMPANY (thousand tonnes)

	3Q15	2Q16	3Q16	Change	
				3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	721	627	693	66	(28)
Slabs	-	0	-	(0)	-
Hot Rolled	270	223	240	17	(30)
Cold Rolled	139	114	129	15	(10)
Galvanized	223	209	229	20	6
Tin Plates	89	81	95	14	6
Long Steel UPV	41	43	49	6	8
DOMESTIC MARKET	762	670	742	72	(20)

	3Q15	2Q16	3Q16	3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	378	252	119	(133)	(259)
Hot Rolled	177	69	-	(69)	(177)
Cold Rolled	63	3	-	(3)	(63)
Galvanized	101	125	83	(42)	(18)
Tin Plates	38	55	36	(19)	(2)
Long Steel (profiles)	-	-	-	-	-
FOREIGN MARKET	378	252	119	(133)	(259)

	3Q15	2Q16	3Q16	3Q16 x 2Q16	3Q16 x 3Q15
Flat Steel	1,099	879	813	(67)	(287)
Slabs	-	0	-	(0)	-
Hot Rolled	447	292	240	(52)	(207)
Cold Rolled	202	117	129	12	(73)
Galvanized	324	334	312	(22)	(12)
Tin Plates	126	136	131	(5)	5
Long Steel UPV	41	43	49	6	8
Long Steel (profiles)	-	-	-	-	-
TOTAL MARKET	1,140	922	861	(61)	(279)

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