

NATIONAL STEEL CO  
Form 6-K  
February 21, 2019

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**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 February, 2019**  
**Commission File Number 1-14732**

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**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

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**São Paulo, February 20, 2019**

## **4Q18 and 2018 Earnings Release**

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) **announces today its consolidated results for the fourth quarter (4Q18) and full year of 2018**, 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 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. All comments presented herein refer to the Company's consolidated results for the fourth quarter of 2018 (4Q18) and full year of 2018, and comparisons refer to the third quarter of 2018 (3Q18) and the fourth quarter (4Q17) and full year of 2017. The real/U.S. dollar exchange rate was R\$3.8748 on 12/31/2018 and R\$4.0039 on 9/30/2018.

### **2018 Financial and Operating Highlights**

- **Adjusted EBITDA totaled R\$5,849MM**, up 26% over 2017, with an EBITDA margin of 24.4%, due to an improved performance in steel and mining.
- **Steel EBITDA reached R\$2,645MM**, 25% more than in 2017, with **an increase of around 21% in EBITDA/ton** in the segment.
- **Flat steel sales in the domestic market grew 20% in 2018**, with an upturn of 33% in galvanized products.
- **Mining EBITDA came to R\$2,621MM**, up 35% over 2017, mainly thanks to higher average realized prices in 2018.

- **The leverage ratio fell 1.11x**, closing the year at **4.55x**, versus **5.66x** in 2017, due to higher EBITDA and lower debt.
- **The financial cycle was shortened by 19 days, with an annual reduction of R\$541MM in working capital** despite the increase in net revenue.
- **Financial expenses** (ex-exchange variation) **declined** R\$470MM in 2018.
- **Net profit totaled R\$5,201MM in 2018, versus net profit of R\$111MM in 2017.**

#### **4Q18 Financial and Operating Highlights**

- **Adjusted EBITDA totaled R\$1,560MM**, with an EBITDA margin of 24.7%.
- **Steel EBITDA reached R\$594MM**, with an EBITDA margin of 15.8%, moving up 8% in the domestic market.
- **Mining EBITDA reached R\$835MM**, with an EBITDA margin of 45.3%, driven by a 6% increase in sales volume and higher quality premiums.
- **Net profit totaled R\$1,772MM in 4Q18, versus R\$377MM in 4Q17, reflecting the recognition of tax credits.**

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# 4Q18 AND 2018

## EARNINGS RELEASE

|   |              |              |              |               |               |             |             |           |
|---|--------------|--------------|--------------|---------------|---------------|-------------|-------------|-----------|
| <b>Steel sales<br/>(thousand t)</b>             | <b>1,253</b> | <b>1,290</b> | <b>1,181</b> | <b>4,922</b>  | <b>5,069</b>  | <b>(6%)</b> | <b>(8%)</b> | <b>3%</b> |
| - Domestic market                               | 770          | 912          | 835          | 2,841         | 3,327         | 8%          | (8%)        | 17%       |
| - Subsidiaries abroad                           | 401          | 329          | 299          | 1,768         | 1,513         | (25%)       | (9%)        | (14%)     |
| - Exports                                       | 82           | 48           | 46           | 313           | 228           | (44%)       | (5%)        | (27%)     |
| <b>Iron ore sales<br/>(thousand t)</b>          | <b>9,561</b> | <b>9,288</b> | <b>9,889</b> | <b>32,576</b> | <b>34,781</b> | <b>3%</b>   | <b>6%</b>   | <b>7%</b> |
| - Domestic market                               | 1,236        | 1,138        | 1,366        | 5,211         | 5,189         | 11%         | 20%         | (0%)      |
| - Exports                                       | 8,325        | 8,150        | 8,523        | 27,365        | 29,592        | 2%          | 5%          | 8%        |
| <b>Consolidated results (R\$ million)</b>       |              |              |              |               |               |             |             |           |
| Net revenue                                     | 4,993        | 6,165        | 6,051        | 18,525        | 22,969        | 21%         | (2%)        | 24%       |
| Gross profit                                    | 1,413        | 1,866        | 2,052        | 4,928         | 6,863         | 45%         | 10%         | 39%       |
| Adjusted EBITDA <sup>1</sup>                    | 1,203        | 1,627        | 1,560        | 4,645         | 5,849         | 30%         | (4%)        | 26%       |
| Adjusted net debt <sup>2</sup>                  | 26,268       | 27,057       | 26,616       | 26,268        | 26,616        | 1%          | (2%)        | 1%        |
| Adjusted cash and cash equivalents <sup>2</sup> | 4,328        | 4,083        | 3,274        | 4,328         | 3,274         | (24%)       | (20%)       | (24%)     |
| Net debt/adjusted EBITDA                        | 5.66x        | 4.93x        | 4.55x        | 5.66x         | 4.55x         | -1.11 x     | -0.38 x     | -1.11 x   |

<sup>1</sup>Adjusted EBITDA is calculated based on net profit/loss, plus depreciation and amortization, income tax, net financial result, share of profit (loss) of investees and other operating income (expenses), and includes the proportionate share of EBITDA of the jointly-owned subsidiaries MRS Logística and CBSI. Adjusted EBITDA includes 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.

<sup>2</sup>Adjusted net debt and adjusted cash and cash equivalents includes the stakes of 33.27% in MRS, 60% in Namisa and 50% in CBSI until November 2015. As of December 2015, they have include 100% of Congonhas Minérios, 37.27% of MRS and 50% of CBSI, excluding forfeiting and drawee risk operations.

## CSN's Consolidated Result

- **Net revenue** totaled R\$22,969 million in **2018** and R\$6,051 million in **4Q18**, up 24% and 21% over 2017 and 4Q17, respectively. The performance improvement was driven by higher realized iron ore and steel prices and volume.
- In **2018**, the **cost of goods sold** totaled R\$16,106 million, up 18% over 2017, due to higher raw material prices, the effect of the 18.5% appreciation of the dollar against the real in the period and higher volume. In **4Q18**, the cost of goods sold totaled R\$3,999 million, up 12% year on year.
- **Gross profit** stood at R\$6,863 million in **2018**, 39% more than in 2017. In **4Q18**, gross profit totaled R\$2,052 million, up 10% over 3Q18. The gross margin moved up 3.6p.p. and 5.6p.p. over 3Q18 and 4Q17, respectively, to 33.9%, due to higher steel and iron ore prices.
- **Selling, general and administrative expenses** totaled R\$2,758 million in **2018**, up 23.6% over 2017, slightly less than the 24% growth in net revenue in the same period. **Selling expenses** increased 24.7% in 2018, while **general and administrative expenses** grew 18.8%, accounting for 2.2% of net revenue, the lowest-ever level.
- **Other operating income and expenses** came to a positive R\$2,705 million in **2018**, mainly due to the sale of the Terra Haute plant in the United States, the recognition of the exclusion of the ICMS tax from the PIS/COFINS calculation base, and the fair price marking of Usiminas shares to fair value through profit or loss.

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# 4Q18 AND 2018

## EARNINGS RELEASE

- **The net financial result** was an expense of R\$1,496 million in **2018**. **Financial expenses (ex-exchange variation) dropped** by a substantial **R\$470 million** in the period, due to the decline in the Selic rate. In **4Q18**, the net financial result was a gain of R\$510 million, due to the depreciation of the dollar against the real in the quarter, leading to a positive exchange rate variation totaling R\$215 million, plus financial revenue arising from monetary correction related to the recognition of the exclusion of ICMS from the PIS/COFINS calculation base.

| <b>Financial result – IFRS</b>                         |              |              |            |                |                |
|--|--------------|--------------|------------|----------------|----------------|
|  | <b>(860)</b> | <b>(423)</b> | <b>510</b> | <b>(2,464)</b> | <b>(1,496)</b> |
| <b>Financial revenue</b>                               |              |              |            |                | 1,311          |
|  | 48           | 336          | 884        | 266            |                |
| <b>Financial expenses</b>                              |              |              |            |                |                |
|  | (908)        | (759)        | (374)      | (2,730)        | (2,806)        |
| <b>Financial expenses (ex-exchange rate variation)</b> | (683)        | (671)        | (589)      | (2,742)        | (2,272)        |
| <b>Result with exchange rate variation</b>             | (225)        | (88)         | 215        | 12             | (534)          |
| Monetary and exchange rate variation                   | (427)        | (465)        | 535        | (107)          | (1,972)        |
| Hedge accounting                                       |              |              |            |                | 1,438          |
| Derivative result                                      | 202          | 380          | (319)      | 91             |                |
|  | -            | (3)          | (1)        | 28             | -              |

<sup>1</sup> The financial result includes the stakes of 100% in CSN Mineração, 37.27% in MRS and 50% in CBSI as of December 2015.

- **CSN's share of profit of investees** was a positive R\$136 million in **2018**, versus a positive R\$109 million in 2017. This was mainly due to improved results at MRS.

|                                     |           |           |           |            |            |             |             |            |
|-------------------------------------|-----------|-----------|-----------|------------|------------|-------------|-------------|------------|
| MRS Logística                       | 25        | 61        | 54        | 172        | 194        | 116%        | (11%)       | 13%        |
| CBSI                                | 0         | 1         | 1         | 2          | 5          | -           | -           | 150%       |
| TLSA                                | (2)       | (6)       | (4)       | (21)       | (20)       | 100%        | (33%)       | (5%)       |
| Arvedi Metalfer BR                  | (5)       | (2)       | (1)       | (4)        | (5)        | (80%)       | (50%)       | 25%        |
| Eliminations                        | (8)       | (11)      | (10)      | (39)       | (38)       | 25%         | (9%)        | (3%)       |
| <b>Share of profit of investees</b> | <b>11</b> | <b>44</b> | <b>40</b> | <b>109</b> | <b>136</b> | <b>264%</b> | <b>(9%)</b> | <b>25%</b> |

- CSN recorded a **net profit of R\$1,772 million** in **4Q18**, versus a net profit of R\$752 million in 3Q18. In **2018**, CSN posted a **net profit of R\$5,201 million**, versus net profit of R\$111 million in 2017, supported by better operating results and non-recurring gains from tax credits and appreciation of investments (LLC and Usiminas).

|  |              |              |              |              |              |             |             |               |
|--|--------------|--------------|--------------|--------------|--------------|-------------|-------------|---------------|
| <b>Net profit (loss) for the period</b>                | <b>377</b>   | <b>752</b>   | <b>1,772</b> | <b>111</b>   | <b>5,201</b> | <b>369%</b> | <b>136%</b> | <b>4.586%</b> |
| (-) Depreciation                                       | 319          | 274          | 285          | 1,409        | 1,175        | (11%)       | 4%          | (17%)         |
| (+) Income tax and social contribution                 | (1)          | 238          | 89           | 409          | 250          | -           | (63%)       | (39%)         |
| (-) Net financial result                               | 860          | 423          | (510)        | 2,464        | 1,496        | -           | -           | (39%)         |
| <b>EBITDA (CVM Instruction 527)</b>                    | <b>1,556</b> | <b>1,687</b> | <b>1,636</b> | <b>4,393</b> | <b>8,122</b> | <b>5%</b>   | <b>(3%)</b> | <b>85%</b>    |
| (+) Other operating income (expenses)                  | (473)        | (178)        | (188)        | (177)        | (2,705)      | (60%)       | 6%          | 1.428%        |
| (+) Share of profit (loss) of investees                | (11)         | (44)         | (40)         | (109)        | (136)        | 264%        | (9%)        | 25%           |
| (-) Proportionate EBITDA of jointly-owned subsidiaries | 132          | 162          | 153          | 538          | 568          | 16%         | (6%)        | 6%            |
| <b>Adjusted EBITDA</b>                                 | <b>1,204</b> | <b>1,627</b> | <b>1,560</b> | <b>4,645</b> | <b>5,849</b> | <b>30%</b>  | <b>(4%)</b> | <b>26%</b>    |

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

- Adjusted EBITDA** totaled R\$5,849 million in **2018**, versus R\$4,645 million in 2017, up 26% due to an increased contribution from the mining and steel segments. Adjusted EBITDA amounted to R\$1,560 million in **4Q18**, versus R\$1,204 million in 4Q17, accompanied by an adjusted EBITDA margin of 24.7%, 1.7p.p. higher year on year.

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# 4Q18 AND 2018

## EARNINGS RELEASE

<sup>1</sup>The adjusted EBITDA margin is calculated as the ratio between adjusted EBITDA and adjusted net revenue, considering the stakes of 100% in CSN Mineração, 37.27% in MRS and 50% in CBSI as of December 2015.

### Free Cash Flow

Operating cash flow, as measured by free cash flow, stood at R\$817 million in **4Q18**, positively influenced by higher EBITDA and a more efficient financial cycle. In the last 12 months, free cash flow reached R\$2,249 million, excluding R\$1,670 million in proceeds from the sale of CSN LLC.

<sup>1</sup>Our working capital includes changes in net current capital, excluding the impacts of the exchange rate variation, as well as the non-recurring increase in taxes to be offset related to the exclusion of ICMS tax from the PIS/COFINS base.

### Debt

On 12/31/2018, consolidated net debt totaled R\$26,616 million, while the net debt/EBITDA ratio, calculated based on LTM adjusted EBITDA, stood at 4.55x, 1.11x less than in 2017.

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# 4Q18 AND 2018

## EARNINGS RELEASE

### Foreign Exchange Exposure

The net foreign exchange exposure of the consolidated balance sheet was US\$476 million as at December 31, 2018, as shown in the table below. It should be noted that the net foreign exchange exposure includes a liability of US\$1.0 billion in line item “Loans and Financing” related to the perpetual bond, which, due to its nature, will not require disbursement to settle the principal amount in the foreseeable future.

The hedge accounting adopted by CSN correlates the projected export inflow in dollars with part of the scheduled debt payments in the same currency. As a result, the exchange rate variation in the dollar-denominated debt is temporarily recorded in equity and subsequently recorded in profit or loss when revenues in dollars from exports occur.

|                          |                |                |                |
|--------------------------|----------------|----------------|----------------|
| Cash                     | 777            | 316            | 377            |
| Accounts receivable      | 311            | 359            | 358            |
| Other                    | 3              | 6              | 9              |
| <b>Total assets</b>      | <b>1,091</b>   | <b>681</b>     | <b>743</b>     |
| Loans and financing      | (4,333)        | (4,256)        | (4,117)        |
| Trade payables           | (98)           | (160)          | (175)          |
| Other payables           | (4)            | (4)            | (4)            |
| <b>Total liabilities</b> | <b>(4,434)</b> | <b>(4,421)</b> | <b>(4,295)</b> |

|   |                |                |                |
|---|----------------|----------------|----------------|
| <b>Natural foreign exchange exposure (assets - liabilities)</b> | <b>(3,343)</b> | <b>(3,740)</b> | <b>(3,552)</b> |
| Derivatives, net  | -              | -              |                |
| Cash flow hedge accounting                                      | 1,318          | 2,302          | 2,076          |
| <b>Foreign exchange exposure, net</b>                           | <b>(2,025)</b> | <b>(1,438)</b> | <b>(1,476)</b> |
| Perpetual bond  | 1,000          | 1,000          | 1,000          |
| <b>Foreign exchange exposure, net (ex-bond)</b>                 | <b>(1,025)</b> | <b>(438)</b>   | <b>(476)</b>   |

## Investments

Investments totaled R\$507 million in **4Q18** and R\$1,319 million in **2018**, an increase of 24% compared to 2017, due to the anticipation of investments related to scheduled stoppage of blast furnace number 3 in the Steel segment and the tailings filtering plants in the Mining segment, which will enable 100% processing of the production without the need to use dams in 2019.

|                                 |            |            |            |            |              |            |            |            |            |              |
|---------------------------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|--------------|
| Steel                           | 92         | 102        | 119        | 168        | 481          | 65         | 134        | 168        | 271        | 637          |
| Mining                          | 60         | 106        | 115        | 97         | 378          | 116        | 99         | 116        | 174        | 505          |
| Cement                          | 24         | 20         | 34         | 40         | 118          | 23         | 13         | 13         | 30         | 79           |
| Logistics                       | 13         | 11         | 19         | 33         | 76           | 18         | 15         | 25         | 26         | 84           |
| Other                           | 0          | 0          | 6          | 6          | 12           | 2          | 2          | 3          | 5          | 12           |
| <b>Total investments - IFRS</b> | <b>190</b> | <b>239</b> | <b>293</b> | <b>344</b> | <b>1,065</b> | <b>223</b> | <b>263</b> | <b>325</b> | <b>507</b> | <b>1,319</b> |

## Working Capital

To calculate working capital, CSN adjusts its assets and liabilities as shown below:

- Accounts receivable: excludes dividends receivable, advances to employees and other receivables;
- Inventories: includes estimated losses and excludes spare parts, which are not part of the cash conversion cycle, and will later be booked under property, plant and equipment;
- Prepaid taxes: composed only of the portion of income tax and social contribution included in recoverable taxes;

- Taxes payable: composed of taxes payable under current liabilities plus taxes in installments;

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# 4Q18 AND 2018

## EARNINGS RELEASE

- Advances from customers: Sub-account of other liabilities recorded under current liabilities; and

Accordingly, working capital invested in the business **totaled R\$2,377 million in 4Q18, reducing the financial cycle by 19 days**, compared to **4Q17**, showing efficiency in working capital management despite strong sales growth in the year (+24%). In relation to 3Q18, inventories grew due to higher raw material prices, as well as the purchase of slabs in anticipation of blast furnace stoppage # 3, while inventories of finished products were at their lowest in recent years.

|                           |                        |              |              |
|---------------------------|------------------------|--------------|--------------|
| <b>Assets</b>             | <b>5,9866,4326,480</b> | <b>494</b>   | <b>48</b>    |
| Accounts receivable       | 2,197 2,003 2,078      | (119)        | 76           |
| Inventories               | 3,783 4,054 4,393      | 610          | 339          |
| Prepaid taxes             | 6 376 9                | 3            | (367)        |
| <b>Liabilities</b>        | <b>3,0673,7054,103</b> | <b>1,036</b> | <b>398</b>   |
| Trade payables            | 2,461 2,934 3,445      | 985          | 511          |
| Payroll and related taxes | 252 315 248            | (4)          | (67)         |
| Taxes payable             | 286 323 272            | (14)         | (51)         |
| Advances from customers   | 69 133 137             | 69           | 5            |
| <b>Working capital</b>    | <b>2,9192,7272,377</b> | <b>(541)</b> | <b>(350)</b> |

|                        |           |           |           |    |
|------------------------|-----------|-----------|-----------|----|
| Amounts received       | 34        | 25        | 27 (7)    | 2  |
| Amounts paid           | 62        | 61        | 78 16     | 17 |
| Inventories            | 95        | 85        | 99 4      | 14 |
| <b>Financial cycle</b> | <b>67</b> | <b>49</b> | <b>48</b> |    |

**(19)**                      **(1)**

## **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 ceased the proportional consolidation of its jointly-owned subsidiaries Namisa, MRS and CBSI. For the purpose of preparing and presenting the information by business segment, Management opted to maintain the proportional consolidation of its jointly-owned subsidiaries, in line with historical data. In the reconciliation of CSN's consolidated results, these companies' results are eliminated in the "Corporate Expenses/Elimination" column.

Since the end of 2015, after the combination of CSN's mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result has included all the information related to this new company.

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# 4Q18 AND 2018

## EARNINGS RELEASE

|  |                |                |             |              |             |              |              |
|--|----------------|----------------|-------------|--------------|-------------|--------------|--------------|
| <b>Net revenue</b>                                 | <b>3,768</b>   | <b>1,843</b>   | <b>72</b>   | <b>398</b>   | <b>103</b>  | <b>145</b>   | <b>(278)</b> |
| Domestic market                                    | 2,718          | 300            | 72          | 398          | 103         | 145          | (768)        |
| Foreign market                                     | 1,050          | 1,542          | -           | -            | -           | -            | 490          |
| <b>COGS</b>  | <b>(3,057)</b> | <b>(1,054)</b> | <b>(48)</b> | <b>(275)</b> | <b>(77)</b> | <b>(149)</b> | <b>662</b>   |
| <b>Gross profit</b>                                | <b>711</b>     | <b>789</b>     | <b>24</b>   | <b>123</b>   | <b>26</b>   | <b>(4)</b>   | <b>384</b>   |
| SG&A   | (266)          | (42)           | (9)         | (34)         | (7)         | (31)         | (541)        |
| Depreciation                                       | 150            | 88             | 6           | 66           | 4           | 27           | (56)         |
| Proportionate EBITDA of jointly-owned subsidiaries | -              | -              | -           | -            | -           | -            | 153          |
| <b>Adjusted EBITDA</b>                             | <b>594</b>     | <b>835</b>     | <b>21</b>   | <b>156</b>   | <b>23</b>   | <b>(8)</b>   | <b>(60)</b>  |

|  |                |              |             |              |             |              |              |
|--|----------------|--------------|-------------|--------------|-------------|--------------|--------------|
| <b>Net revenue</b>                                 | <b>4,099</b>   | <b>1,659</b> | <b>64</b>   | <b>406</b>   | <b>104</b>  | <b>160</b>   | <b>(329)</b> |
| Domestic market                                    | 2,899          | 229          | 64          | 406          | 104         | 160          | (678)        |
| Foreign market                                     | 1,200          | 1,431        | -           | -            | -           | -            | 349          |
| <b>COGS</b>  | <b>(3,380)</b> | <b>(882)</b> | <b>(47)</b> | <b>(268)</b> | <b>(70)</b> | <b>(148)</b> | <b>495</b>   |
| <b>Gross profit</b>                                | <b>719</b>     | <b>778</b>   | <b>17</b>   | <b>138</b>   | <b>35</b>   | <b>12</b>    | <b>167</b>   |
| SG&A   | (221)          | (37)         | (8)         | (24)         | (7)         | (23)         | (355)        |
| Depreciation                                       | 154            | 70           | 6           | 65           | 4           | 28           | (53)         |
| Proportionate EBITDA of jointly-owned subsidiaries | -              | -            | -           | -            | -           | -            | 162          |

|                        |            |            |           |            |           |           |             |
|------------------------|------------|------------|-----------|------------|-----------|-----------|-------------|
| <b>Adjusted EBITDA</b> | <b>652</b> | <b>811</b> | <b>15</b> | <b>179</b> | <b>32</b> | <b>17</b> | <b>(79)</b> |
|------------------------|------------|------------|-----------|------------|-----------|-----------|-------------|

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## 4Q18 AND 2018

### EARNINGS RELEASE

|  |                |              |             |              |             |              |              |
|--|----------------|--------------|-------------|--------------|-------------|--------------|--------------|
| <b>Net revenue</b>                                 | <b>3,435</b>   | <b>1,175</b> | <b>71</b>   | <b>365</b>   | <b>104</b>  | <b>106</b>   | <b>(263)</b> |
| Domestic market                                    | 2,147          | 175          | 71          | 365          | 104         | 106          | (595)        |
| Foreign market                                     | 1,287          | 1,001        | -           | -            | -           | -            | 333          |
| <b>COGS</b>  | <b>(2,670)</b> | <b>(909)</b> | <b>(45)</b> | <b>(259)</b> | <b>(71)</b> | <b>(106)</b> | <b>480</b>   |
| <b>Gross profit</b>                                | <b>765</b>     | <b>266</b>   | <b>26</b>   | <b>106</b>   | <b>33</b>   | <b>(0)</b>   | <b>217</b>   |
| SG&A   | (204)          | (37)         | (8)         | (27)         | (7)         | (22)         | (356)        |
| Depreciation                                       | 153            | 121          | 4           | 63           | 2           | 25           | (49)         |
| Proportionate EBITDA of jointly-owned subsidiaries | -              | -            | -           | -            | -           | -            | 132          |
| <b>Adjusted EBITDA</b>                             | <b>713</b>     | <b>351</b>   | <b>22</b>   | <b>142</b>   | <b>28</b>   | <b>3</b>     | <b>(56)</b>  |

|  |                 |                |              |                |              |              |                |
|--|-----------------|----------------|--------------|----------------|--------------|--------------|----------------|
| <b>Net revenue</b>                                 | <b>15,634</b>   | <b>5,985</b>   | <b>266</b>   | <b>1,506</b>   | <b>411</b>   | <b>588</b>   | <b>(1,413)</b> |
| Domestic market                                    | 10,328          | 972            | 266          | 1,506          | 411          | 588          | (2,710)        |
| Foreign market                                     | 5,306           | 5,012          | -            | -              | -            | -            | 1,297          |
| <b>COGS</b>  | <b>(12,613)</b> | <b>(3,586)</b> | <b>(190)</b> | <b>(1,049)</b> | <b>(287)</b> | <b>(544)</b> | <b>2,163</b>   |
| <b>Gross profit</b>                                | <b>3,020</b>    | <b>2,399</b>   | <b>76</b>    | <b>457</b>     | <b>124</b>   | <b>44</b>    | <b>750</b>     |
| SG&A   | (985)           | (145)          | (35)         | (106)          | (28)         | (96)         | (1,362)        |
| Depreciation                                       | 609             | 367            | 16           | 259            | 17           | 115          | (208)          |
| Proportionate EBITDA of jointly-owned subsidiaries | -               | -              | -            | -              | -            | -            | 568            |
| <b>Adjusted EBITDA</b>                             | <b>2,645</b>    | <b>2,621</b>   | <b>61</b>    | <b>610</b>     | <b>113</b>   | <b>63</b>    | <b>(253)</b>   |

|  |                 |                |              |                |              |              |                |
|--|-----------------|----------------|--------------|----------------|--------------|--------------|----------------|
| <b>Net revenue</b>                                 | <b>12,959</b>   | <b>4,621</b>   | <b>238</b>   | <b>1,417</b>   | <b>408</b>   | <b>487</b>   | <b>(1,605)</b> |
| Domestic market                                    | 7,819           | 829            | 238          | 1,417          | 408          | 487          | (2,491)        |
| Foreign market                                     | 5,140           | 3,792          | -            | -              | -            | -            | 886            |
| <b>COGS</b>  | <b>(10,538)</b> | <b>(3,006)</b> | <b>(157)</b> | <b>(1,025)</b> | <b>(285)</b> | <b>(513)</b> | <b>1,927</b>   |
| <b>Gross profit</b>                                | <b>2,421</b>    | <b>1,615</b>   | <b>81</b>    | <b>392</b>     | <b>123</b>   | <b>(26)</b>  | <b>322</b>     |
| SG&A   | (964)           | (159)          | (28)         | (95)           | (27)         | (81)         | (877)          |
| Depreciation                                       | 659             | 491            | 16           | 295            | 17           | 122          | (190)          |
| Proportionate EBITDA of jointly-owned subsidiaries | -               | -              | -            | -              | -            | -            | 538            |
| <b>Adjusted EBITDA</b>                             | <b>2,116</b>    | <b>1,947</b>   | <b>69</b>    | <b>592</b>     | <b>113</b>   | <b>15</b>    | <b>(207)</b>   |

## CSN's Steel Results

According to the World Steel Association (WSA), **global crude steel production** totaled **1.790 billion tons** in 2018, **4.5% more** than in 2017. **Asia** produced **1.258 billion tons** in 2018, **5.59% more** than in 2017.

- CSN's **slab production** reached 1,013,000 tons in **4Q18**, up 8% over 3Q18. **CSN's flat steel output** came to 3,785 million tons in **2018**, **3% higher** than in 2017. **According to the Brazilian Steel Institute (IABr), domestic production closed 2018 at 34.7 million tons, 1.1% more** than in 2017. **Apparent consumption** reached **20.6 million tons** in 2018, **7.3% more** than in 2017. **Domestic sales** came to **18.3 million tons** in 2018, up 8.2% over 2017.

|  |            |            |            |              |              |             |           |             |
|--|------------|------------|------------|--------------|--------------|-------------|-----------|-------------|
| Total slabs (UPV - President Vargas Steelwork + third parties) | 1,099      | 938        | 1,021      | 4,276        | 4,016        | (7%)        | 9%        | (6%)        |
| Slab production  | 1,099      | 937        | 1,013      | 4,216        | 3,996        | (8%)        | 8%        | (5%)        |
| Third-party slabs  | 0          | 1          | 8          | 60           | 20           | -           | -         | (67%)       |
| <b>Total flat rolled products</b>                              | <b>959</b> | <b>899</b> | <b>927</b> | <b>3,679</b> | <b>3,785</b> | <b>(3%)</b> | <b>3%</b> | <b>3%</b>   |
| <b>Total long rolled products</b>                              | <b>45</b>  | <b>51</b>  | <b>53</b>  | <b>204</b>   | <b>196</b>   | <b>18%</b>  | <b>5%</b> | <b>(4%)</b> |

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# 4Q18 AND 2018

## EARNINGS RELEASE

- In **2018**, total sales reached **5,069,000** tons, **3% more** than in 2017. Excluding the effect of the sale of LLC, sales would have grown 9%. **Total sales** came to 1,181,000 tons of steel products in **4Q18**, 6% under than in 4Q17, although sales volume moved up 2% excluding USA market.
  
- In **4Q18**, CSN's **domestic** steel sales came to 835,000 tons, 8% lower than in 3Q18, due to seasonal effects. Of this total, 791,000 tons corresponded to flat steel and 44,000 tons to long steel. In **2018**, domestic steel sales totaled 3,327,000 tons, 17% more than in 2017. Of this total, 3,135,000 tons corresponded to **flat steel (+20%)** and 192,000 tons to long steel. According to the **National Institute of Steel Distributors (INDA)**, distribution purchases **increased 5.4%** in 2018 over 2017. **Imports closed 2018** at 1,223,500 tons, **down 1.6%** from 2017.
  
- **Foreign** steel sales amounted to 345,000 tons in **4Q18**, down 9% from 3Q18. In this period, 46,000 tons were exported directly and 299,000 tons were sold by foreign subsidiaries, of which 31,000 tons by LLC, 193,000 tons by SWT and 75,000 tons by Lusosider. In **2018**, sales volume in the foreign market declined 17%, totaling 1,742,000 tons, due to the sale of LLC and focus on the domestic market. Of this total, 228,000 tons were exported directly and 1,513,000 tons were sold by foreign subsidiaries, of which 355,000 tons by LLC, 806,000 tons by SWT and

352,000 tons by Lusosider.

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# 4Q18 AND 2018 EARNINGS RELEASE

- In the fourth quarter, CSN maintained a 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 plates accounted for 51% of flat steel sales, 3.3 p.p. more than in 3Q18, considering all the markets in which the Company operates. It is worth noting that the share of coated products in flat steel sales in the **foreign market** increased from 60% (3Q18) to 88% in 4Q18. In 2018, sales of coated products grew 33%.

According to **ANFAVEA** (National Association of Automobile Manufacturers), **in 2018, the production of automobiles, light commercial vehicles, trucks and buses** reached 2.9 million units, an **increase of 6.73%**, compared to 2017. **Exports** showed a weaker performance, with 629,175,000 vehicles sold, a decrease of **17.86%** versus 2017. Anfavea expects vehicle production to grow 9%, to 3.14 million units, in 2019.

According to **ABRAMAT** (Construction Material Manufacturers' Association), **sales of building materials** climbed 1.2% between 2017 and 2018. The association expects sales of building materials to grow 2.0% in 2019.

According to **IBGE** (Brazilian Institute of Geography and Statistics), **home appliance production moved up 0.4%** in 2018 over 2017.

- **Net revenue** from steel operations reached R\$3,768 million in 4Q18, 9% higher than in 4Q17. This was mostly due to higher steel prices both in Brazil and abroad, as well as an increase in sales volume of coated products. In 2018, **net revenue** totaled R\$15,634 million, 21% higher than in 2017, due to increases in steel prices across the chain throughout the

year. In the domestic market, average steel prices climbed 13% in 2018 and 2% in 4Q18 against the previous year.

- In **4Q18**, the **cost of goods sold** fell 10% from 3Q18, to R\$3,057 million, due to lower sales volume. However, in **2018**, the cost of goods sold came to R\$12,613 million, up 20% over 2017, mainly due to an increase in volume and price of raw materials and general maintenance.
- **Slab production cost** reached R\$1,806/t in **4Q18**, 6% higher than in 3Q18, fueled by higher spending on maintenance and coal/coke. In **2018**, slab production cost averaged R\$1,652/t, 23% higher than in 2017, due to the appreciation of the dollar against the real and the increase in the main raw materials, especially coal, coke, iron ore and pellets.
- **Adjusted EBITDA** totaled R\$594 million in **4Q18**, down 9% from R\$652 million in 3Q18, due to the seasonal decline in sales volume, although the EBITDA margin remained flat at 15.8%. In **2018**, EBITDA amounted to R\$2,645 million, 25% higher than in 2017, due to a combination of price adjustments and the transfer of volumes to the domestic market. The EBITDA margin moved up from 16.3% in 2017 to 16.9% in 2018.

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# 4Q18 AND 2018

## EARNINGS RELEASE

### CSN's Mining Results

Steel production in China came to **236.3Mt** in **4Q18**, 9% more than in 4Q17. Resilient demand and less stringent winter production cuts had a positive effect on steel production. In this context, the **commodity's price averaged US\$71.58/dmt (Platts, Fe62%, N. China) in 4Q18, up 7% over the previous quarter.**

In regards to **maritime freight**, the BCI-C3 (Tubarão-Qingdao) route recorded an average of **US\$18.33/wmt** in 4Q18, a **decline of 18%** compared to the prior quarter driven by lower demand for ships in the period, in addition to a drop in oil prices.

- In **4Q18**, CSN's **iron ore production** totaled 7.4 million tons, 3% lower than in the previous quarter due to seasonality. **Iron ore purchases** reached 2,478,000 tons in **4Q18**, up 65% over 3Q18. In 2018, **CSN produced 27.9 million tons of iron ore**, representing the beginning of the Company's new strategy of using the tailings filtering plant, reducing its dependence on tailings dams.

- CSN **sold** 9.9 million tons of iron ore in **4Q18**, 6.5% more than in 3Q18, with 1.4 million tons sold to the Presidente Vargas Steelworks and the remaining volume sold in Asia and Europe. Sales moved up 7% over 2017, totaling 34.8 million tons in 2018, 5.2 million of which to UPV.

|                     |       |       |       |        |        |     |      |      |
|---------------------|-------|-------|-------|--------|--------|-----|------|------|
| Iron ore production | 6,378 | 7,620 | 7,382 | 29,921 | 27,875 | 16% | (3%) | (7%) |
|---------------------|-------|-------|-------|--------|--------|-----|------|------|

|                                       |                   |                    |               |        |        |            |           |           |
|---------------------------------------|-------------------|--------------------|---------------|--------|--------|------------|-----------|-----------|
| Iron ore purchased from third parties | 1,828             | 1,501              | 2,478         | 3,551  | 7,344  | 36%        | 65%       | 107%      |
| <b>Total production + purchases</b>   | <b>8,2069,122</b> | <b>9,86033,472</b> | <b>35,219</b> |        |        | <b>20%</b> | <b>8%</b> | <b>5%</b> |
| Sales to UPV                          | 1,236             | 1,138              | 1,366         | 5,211  | 5,189  | 11%        | 20%       | (0%)      |
| Volume sold to third parties          | 8,325             | 8,150              | 8,523         | 27,365 | 29,592 | 2%         | 5%        | 8%        |
| <b>Total sales</b>                    | <b>9,5619,288</b> | <b>9,88932,576</b> | <b>34,781</b> |        |        | <b>3%</b>  | <b>6%</b> | <b>7%</b> |

Production and sales volumes include our 100% stake in CSN Mineração.

- In **4Q18, net revenue** from mining reached R\$1,843 million, 11% higher than in the previous quarter, fueled by a 6.5% upturn in sales volume. The Platts 62 index reached **US\$71.58/dmt**, up 7% in the quarter. Realized price stood at **US\$63/wmt**, 11% more than in the previous quarter, due to an adjustment in FOB sales, combined with quality and sales conditions.

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# 4Q18 AND 2018

## EARNINGS RELEASE

- The **cost of goods sold** in the mining segment came to R\$1,054 million in **4Q18**, 20% more than in 3Q18, due to higher sales volume (+6.5%) and an increased share of ore from third parties. In 2018, **COGS amounted to R\$3,586 million, 19% higher than in 2017.**
- The **EBITDA margin stood at 45% in 4Q18, down 3.5 p.p. from 3Q18**, while **EBITDA totaled R\$835 million in 4Q18**, up 3% over 3Q18, due to higher volume and prices.

### CSN's Logistics Results

**Railway Logistics: Net revenue** stood at R\$398 million in 4Q18, generating **EBITDA** of R\$156 million, accompanied by an **EBITDA margin** of 39%. In 2018, **net revenue** stood at R\$1,506 million, generating **EBITDA** of R\$610 million, accompanied by an **EBITDA margin** of 40.5%.

**Port Logistics:** Sepetiba Tecon shipped 162,000 tons of steel products and 19,000 tons of general cargo, in addition to handling around 63,000 containers in **4Q18**. **Net revenue** reached R\$72 million, generating **EBITDA** of R\$21 million, with an **EBITDA margin** of 29%, higher than in the previous quarter. In 2018, Sepetiba Tecon shipped 584,000 tons of steel products and 210,000 tons of general cargo, in addition to handling around 247,000 containers. **Net revenue** reached R\$266 million, generating **EBITDA** of R\$61 million, with an **EBITDA margin** of 23%.

|                                      |     |    |     |     |     |       |       |        |
|--------------------------------------|-----|----|-----|-----|-----|-------|-------|--------|
| Container volume<br>(thousand units) | 69  | 63 | 63  | 188 | 247 | (8%)  | 1%    | 31%    |
| Steel volume (thousand<br>tons)      | 253 | 88 | 162 | 990 | 584 | (36%) | 84%   | (41%)  |
|                                      | 3   | 63 | 19  | 9   | 210 | -     | (70%) | 2,158% |

General cargo volume  
(thousand tons)

### CSN's Energy Results

According to EPE (**Energy Research Company**), **electricity consumption in Brazil** increased 1.1% between 2017 and 2018. Energy consumption grew in the three segments, industrial (1.3%), commercial (0.6%) and residential (1.2%), over 2017.

In 4Q18, **net revenue** from energy operations totaled R\$103 million, **EBITDA** stood at R\$23 million and the **EBITDA margin** was 22%. In 2018, **net revenue** from energy operations totaled R\$411 million (+1% over 2017), due to increased availability and energy sales in the free market. **EBITDA** totaled R\$113 million and the **EBITDA margin** was 28%.

### CSN's Cement Results

In 2018, **domestic cement sales** totaled 52.7 million tons, down **1.2%** from 2017, according to preliminary data of SNIC (National Cement Industry Association). Also according to **SNIC, the 2018 sales result largely reflected the truck drivers' strike in May 2018 and the slow economic recovery.**

In 4Q18, CSN's **scement sales** declined 9% compared to the previous quarter. **Net revenue** amounted to R\$145 million, while **EBITDA** was negative, due to a non-recurring increase in raw material costs. Despite the sector downturn, CSN's **scement sales** grew 5.5% in 2018 over 2017. **Net revenue** totaled R\$588 million (+21%), while **EBITDA** reached R\$63 million (+314%).

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# 4Q18 AND 2018

## EARNINGS RELEASE

### Capital Market

CSN's shares depreciated 5.05% in **4Q18**, while the IBOVESPA moved up 11.78%. Daily traded volume (CSNA3) on B3 averaged R\$74.9 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) depreciated 2.19%, while the Dow Jones declined 13.47%. On the NYSE, daily traded volume of CSN's ADRs (SID) averaged US\$4.7 million.

|  |                  |                  |
|--|------------------|------------------|
| <b>Number of shares (in thousands)</b>                         | <b>1,387,524</b> | <b>1,387,524</b> |
| <b>Market cap</b>  |                  |                  |
| Closing price (R\$/share)                                      | 9.34             | 8.84             |
| Closing price (US\$/ADR)                                       | 2.19             | 2.23             |
| Market cap (R\$ million)                                       | 12,959           | 12,265           |
| Market cap (US\$ million)                                      | 3,163            | 3,094            |
| <b>Total return including dividends and interest on equity</b> |                  |                  |
| CSNA3  | 18.83%           | (5.05%)          |
| SID  | 12.87%           | (2.19%)          |
| Ibovespa   | 9.04%            | 11.78%           |
| Dow Jones  | 9.01%            | (13.47%)         |
| <b>Volume</b>  |                  |                  |
| Daily average (thousand shares)                                | 8,479            | 8,042            |
| Daily average (R\$ thousand)                                   | 74,343           | 74,976           |
| Daily average (thousand ADRs)                                  | 2,188            | 1,958            |
| Daily average (US\$ thousand)                                  | 4,807            | 4,764            |

Source: Bloomberg

**Conference Call in Portuguese with Simultaneous Translation into English February 21, 2019**  
12:00 p.m. (Brasília time)

CFO and IRO ~~Marcelo~~ Marcelo Cunha Ribeiro

Leo Shinohara  
([leonardo.shinohara@csn.com.br](mailto:leonardo.shinohara@csn.com.br))

10:00 a.m. (New York time)

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# 4Q18 AND 2018

## EARNINGS RELEASE

### CONSOLIDATED SALES VOLUME (in thousands of tons)

|                              |            |            |            |              |              |             |              |              |
|------------------------------|------------|------------|------------|--------------|--------------|-------------|--------------|--------------|
| <b>Flat steel</b>            | <b>720</b> | <b>859</b> | <b>791</b> | <b>2,608</b> | <b>3,135</b> | <b>(68)</b> | <b>71</b>    | <b>527</b>   |
| Slab                         | 1          | -          | (0)        | 2            | (0)          | -           | (1)          | (2)          |
| Hot-rolled                   | 275        | 300        | 284        | 973          | 1,133        | (16)        | 9            | 160          |
| Cold-rolled                  | 129        | 172        | 159        | 520          | 630          | (13)        | 30           | 111          |
| Galvanized                   | 236        | 307        | 279        | 818          | 1,091        | (28)        | 43           | 273          |
| Tin plates                   | 78         | 79         | 69         | 295          | 281          | (10)        | (9)          | (15)         |
| <b>UPV long steel</b>        | <b>50</b>  | <b>53</b>  | <b>44</b>  | <b>233</b>   | <b>192</b>   | <b>(9)</b>  | <b>(6)</b>   | <b>(41)</b>  |
| <b>DOMESTIC MARKET</b>       | <b>770</b> | <b>912</b> | <b>835</b> | <b>2,841</b> | <b>3,327</b> | <b>(77)</b> | <b>65</b>    | <b>486</b>   |
| <b>Flat steel</b>            | <b>285</b> | <b>193</b> | <b>152</b> | <b>1,272</b> | <b>935</b>   | <b>(41)</b> | <b>(133)</b> | <b>(337)</b> |
| Hot-rolled                   | 24         | 70         | 12         | 74           | 140          | (58)        | (12)         | 67           |
| Cold-rolled                  | 8          | 7          | 7          | 77           | 57           | -           | (1)          | (19)         |
| Galvanized                   | 202        | 69         | 89         | 925          | 549          | 20          | (113)        | (376)        |
| Tin plates                   | 52         | 47         | 44         | 197          | 189          | (3)         | (8)          | (9)          |
| <b>Long steel (profiles)</b> | <b>198</b> | <b>185</b> | <b>193</b> | <b>808</b>   | <b>806</b>   | <b>8</b>    | <b>(5)</b>   | <b>(2)</b>   |
| <b>FOREIGN MARKET</b>        | <b>484</b> | <b>378</b> | <b>345</b> | <b>2,081</b> | <b>1,742</b> | <b>(33)</b> | <b>(139)</b> | <b>(339)</b> |

| <b>Flat steel</b>            | <b>1,005</b> | <b>1,052</b> | <b>943</b>   | <b>3,880</b> | <b>4,070</b> | <b>(109)</b> | <b>(62)</b> | <b>190</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|
| Slab                         | 1            | -            | (0)          | 2            | (0)          | -            | (1)         | (2)        |
| Hot-rolled                   | 298          | 370          | 295          | 1,047        | 1,273        | (75)         | (3)         | 227        |
| Cold-rolled                  | 137          | 179          | 166          | 597          | 688          | (13)         | 29          | 91         |
| Galvanized                   | 438          | 376          | 368          | 1,742        | 1,640        | (8)          | (70)        | (103)      |
| Tin plates                   | 130          | 126          | 113          | 493          | 470          | (13)         | (17)        | (23)       |
| <b>UPV long steel</b>        | <b>50</b>    | <b>53</b>    | <b>44</b>    | <b>233</b>   | <b>192</b>   | (9)          | (6)         | (41)       |
| <b>Long steel (profiles)</b> | <b>198</b>   | <b>185</b>   | <b>193</b>   | <b>808</b>   | <b>806</b>   | 8            | (5)         | (2)        |
| <b>TOTAL MARKET</b>          | <b>1,253</b> | <b>1,290</b> | <b>1,181</b> | <b>4,922</b> | <b>5,069</b> | <b>(109)</b> | <b>(72)</b> | <b>147</b> |

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# 4Q18 AND 2018

## EARNINGS RELEASE

### INCOME STATEMENT

CONSOLIDATED - Corporate Law (thousands of Brazilian reais)

|  |                    |                    |                    |                     |                     |
|--|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Net sales revenue</b>                                   | <b>4,992,725</b>   | <b>6,164,989</b>   | <b>6,050,932</b>   | <b>18,524,601</b>   | <b>22,968,885</b>   |
| <b>Domestic market</b>                                     | 2,371,785          | 3,185,404          | 2,968,706          | 8,706,466           | 11,353,435          |
| <b>Foreign market</b>                                      | 2,620,940          | 2,979,585          | 3,082,226          | 9,818,135           | 11,615,450          |
| <b>Cost of Goods Sold (COGS)</b>                           | <b>(3,579,838)</b> | <b>(4,298,540)</b> | <b>(3,998,456)</b> | <b>(13,596,141)</b> | <b>(16,105,657)</b> |
| <b>COGS, excluding depreciation and depletion</b>          | (3,269,087)        | (4,031,450)        | (3,723,023)        | (12,219,279)        | (14,959,864)        |
| <b>Depreciation/depletion allocated to COGS</b>            | (310,751)          | (267,090)          | (275,433)          | (1,376,862)         | (1,145,793)         |
| <b>Gross profit</b>  | <b>1,412,887</b>   | <b>1,866,449</b>   | <b>2,052,476</b>   | <b>4,928,460</b>    | <b>6,863,228</b>    |
| <b>Gross margin (%)</b>                                    | 28%                | 30%                | 34%                | 27%                 | 30%                 |
| <b>Selling expenses</b>                                    | (549,273)          | (567,737)          | (765,345)          | (1,806,256)         | (2,257,838)         |
| <b>General and administrative expenses</b>                 | (102,944)          | (100,902)          | (154,669)          | (392,789)           | (470,559)           |
| <b>Depreciation and amortization allocated to SG&amp;A</b> | (8,069)            | (6,440)            | (9,358)            | (31,903)            | (29,314)            |
| <b>Other income (expenses), net</b>                        | 473,380            | 178,133            | 188,172            | 177,342             | 2,705,337           |
| <b>Share of profit of investees</b>                        | 10,611             | 43,846             | 39,696             | 109,111             | 135,706             |
| <b>Operating income before the financial</b>               | <b>1,236,592</b>   | <b>1,413,349</b>   | <b>1,350,972</b>   | <b>2,983,965</b>    | <b>6,946,560</b>    |

|   |                |                |                  |                |                  |
|---|----------------|----------------|------------------|----------------|------------------|
| <b>result</b>   |                |                |                  |                |                  |
| <b>Net financial result</b>                             | (859,987)      | (423,225)      | 510,350          | (2,463,627)    | (1,495,643)      |
| <b>Income before income tax and social contribution</b> | <b>376,605</b> | <b>990,124</b> | <b>1,861,322</b> | <b>520,338</b> | <b>5,450,917</b> |
| <b>Income tax and social contribution</b>               | 781            | (237,960)      | (89,085)         | (409,109)      | (250,334)        |
| <b>Net profit (loss) for the period</b>                 | <b>377,386</b> | <b>752,164</b> | <b>1,772,237</b> | <b>111,229</b> | <b>5,200,583</b> |

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# 4Q18 AND 2018

## EARNINGS RELEASE

### BALANCE SHEET

Brazilian Corporate Law (in thousands of reais)

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Current assets</b>                                      | <b>11,881,496</b> | <b>12,014,483</b> |
| Cash and cash equivalents                                  | 3,411,572         | 2,248,004         |
| Financial investments                                      | 735,712           | 895,713           |
| Accounts receivable  | 2,197,078         | 2,078,182         |
| Inventories  | 4,464,419         | 5,039,560         |
| Other current assets                                       | 1,072,715         | 1,753,024         |
| <b>Non-current assets</b>                                  | <b>33,328,474</b> | <b>35,313,041</b> |
| Long-term assets   | 2,591,594         | 4,382,389         |
| Investments  | 5,499,995         | 5,630,613         |
| Property, plant and equipment                              | 17,964,839        | 18,046,864        |
| Intangible assets  | 7,272,046         | 7,253,175         |
| <b>TOTAL ASSETS</b>  | <b>45,209,970</b> | <b>47,327,524</b> |
| <b>Current liabilities</b>                                 | <b>10,670,050</b> | <b>11,438,552</b> |
| Payroll and related taxes                                  | 252,418           | 248,185           |
| Trade payables   | 2,505,695         | 3,473,822         |
| Taxes payable  | 264,097           | 251,746           |
| Loans and financing  | 6,526,902         | 5,653,439         |
| Other payables   | 1,014,980         | 1,704,857         |
| Provisions for tax, social security, labor and civil risks | 105,958           | 106,503           |
| <b>Non-current liabilities</b>                             | <b>26,251,691</b> | <b>25,875,532</b> |
| Loans, financing and debentures                            | 22,983,942        | 23,173,635        |
| Deferred taxes   | 1,173,559         | 601,731           |
| Other payables   | 129,323           | 227,328           |
| Provisions for tax, social security, labor and civil risks | 719,133           | 685,953           |
| Other provisions   | 1,245,734         | 1,186,885         |
| <b>Equity</b>  | <b>8,288,229</b>  | <b>10,013,440</b> |
| Paid-up capital  | 4,540,000         | 4,540,000         |
| Capital reserve  | 30                | 32,720            |
| Profit reserve   |                   | 3,064,827         |
| Accumulated earnings (losses)                              | (1,291,689)       |                   |
| Other comprehensive income                                 | 3,779,032         | 1,065,188         |
| Non-controlling interest                                   | 1,260,856         | 1,310,705         |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        | <b>45,209,970</b> | <b>47,327,524</b> |

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# 4Q18 AND 2018

## EARNINGS RELEASE

### CONSOLIDATED CASH FLOW - Brazilian Corporate Law (in thousands of reais)

|   |                  |                  |
|---|------------------|------------------|
| <b>Net cash generated by operating activities</b>                         | <b>801,489</b>   | <b>609,552</b>   |
| Net income for the period attributable to controlling shareholders        | 721,535          | 1,720,288        |
| Net income attributable to non-controlling shareholders                   | 30,629           | 51,949           |
| Charges on loans and financing raised                                     | 507,597          | 486,143          |
| Charges on loans and financing granted                                    | (13,573)         | (13,540)         |
| Depreciation, depletion and amortization                                  | 320,614          | 310,970          |
| Share of profit (loss) of investees                                       | (43,846)         | (39,696)         |
| Deferred taxes  | 110,329          | (296,999)        |
| Provisions for tax, social security, labor, civil and environmental risks | (47,866)         | 5,639            |
| Monetary and exchange rate variation, net                                 | 314,902          | (97,728)         |
| Write-off of fixed and intangible assets                                  | 27,519           | 8,862            |
| Provision for actuarial liabilities                                       | -                | (20,984)         |
| Adjusted shares - VJR   | (129,721)        | (108,548)        |
| Provisions for decommissioning and environmental liabilities              | (3,229)          | 6,252            |
| Monetary correction of compulsory loan to Eletrobrás                      | -                | (21,558)         |
| Net gain on sale of foreign subsidiary                                    | (14,402)         | -                |
| Provisions (reversal) for consumption and services                        | (46,700)         | 55,726           |
| PIS/COFINS tax credit   | (725,038)        | (1,483,424)      |
| Other provisions  | (90,747)         | (6,984)          |
| <b>Working capital variation</b>  | <b>560,645</b>   | <b>487,426</b>   |
| Accounts receivable – third parties                                       | 263,144          | (104,539)        |
| Accounts receivable – related parties                                     | 15,797           | 19,957           |
| Inventories   | 364,645          | (275,342)        |
| Borrowings – related parties  | 375              | 112,146          |
| Taxes to be offset  | 28,576           | 373,225          |
| Judicial deposits   | (11,534)         | 25,010           |
| Trade payables  | (312,086)        | 509,825          |
| Payroll and related taxes   | 50,115           | (66,521)         |
| Taxes/Refis   | (15,126)         | (53,909)         |
| Accounts payable – related parties  | 75,888           | 42,042           |
| Other   | 100,851          | (94,468)         |
| <b>Other payments and receipts</b>  | <b>(677,159)</b> | <b>(434,242)</b> |
| Interest paid   | (677,159)        | (434,242)        |
| <b>Cash flow from investing activities</b>                                | <b>(462,655)</b> | <b>(623,585)</b> |
| Acquisition of intangible assets  | (74)             | (1,569)          |

|   |                  |                  |
|---|------------------|------------------|
| Investments/AFAC (Advance for future capital increase)      | (96,902)         | (121,938)        |
| Acquisition of fixed assets                                 | (324,870)        | (507,014)        |
| Derivative transactions                                     | (372)            | -                |
| Loans granted - related parties                             | (24,441)         | -                |
| Short-term investment, net of redeemed amount               | (161,525)        | 6,936            |
| Net proceeds from sale of foreign subsidiary                | 145,529          | -                |
| <b>Cash flow from financing activities</b>                  | <b>(848,321)</b> | <b>(743,174)</b> |
| Loans and financing raised                                  | 484,165          | 140,906          |
| Loan amortizations - principal                              | (1,298,413)      | (877,472)        |
| Borrowing costs   | (34,073)         | (6,608)          |
| <b>Exchange rate variation on cash and cash equivalents</b> | <b>(6,605)</b>   | <b>9,971</b>     |
| <b>Free cash flow</b>                                       | <b>(516,092)</b> | <b>(747,236)</b> |

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