

NATIONAL STEEL CO  
Form 6-K  
May 15, 2018

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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 May, 2018**  
**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, 19º e 20º andares**  
**São Paulo, Estado de São Paulo**  
**CEP 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, May 14, 2018**

## **1Q18 Earnings Release**

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) **announces today its results for the first quarter of 2018 (1Q18)** in Brazilian reais, and its consolidated financial statements, which are presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil, which are fully convergent with international accounting standards, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. The comments presented herein refer to the Company's first quarter of 2018 (1Q18) and comparisons refer to the fourth quarter of 2017 (4Q17) and first quarter of 2017 (1Q17). The Brazilian real/US dollar exchange rate was R\$3.3238 as at March 31, 2018 and R\$3.3080 as at December 31, 2017.

### **1Q18 financial and operating highlights**

- **Generation of adjusted EBITDA of R\$1,242MM**, an increase of 3% compared to the previous quarter, with EBITDA margin of 23%, due to better performance in the mining segment.
- **Steel sales volume** in the domestic market in 1Q18 reached 782 thousand tons, an increase of 27% compared to the same period in 2017.
- **Increase in the production of flat rolled products** from 12% to 2% compared to 1Q17 and 4Q17, respectively.
- **Mining adjusted EBITDA reached R\$442MM**, an increase of 26% compared to 4Q17, with highlight for the higher average price and adjusted EBITDA margin, an increase of 8.5 p.p. compared to the previous quarter.
- **Free cash flow, before the financing activities, significantly increased in 1Q18, totaling R\$544MM, compared to R\$73MM in 4Q17.**

- **Net profit of R\$1.486MM in 1Q18**, due to the gain accrued from the adjustment of the fair value of the Usiminas' shares, which began to be recorded in profit or loss, under IFRS9.

<b>Steel sales (thousand tons)</b>	<b>1,194</b>	<b>1,253</b>	<b>1,277</b>	<b>7%</b>	<b>2%</b>
- Domestic market	617	770	782	27%	2%
- Subsidiaries abroad	485	401	436	(10%)	9%
- Export trade	92	82	60	(35%)	(27%)
<b>Iron ore sales (thousand tons)</b>	<b>7,244</b>	<b>9,561</b>	<b>7,474</b>	<b>3%</b>	<b>(22%)</b>
- Domestic market	1,347	1,236	1,309	(3%)	6%
- Foreign market	5,897	8,325	6,165	5%	(26%)
<b>Consolidated profit or loss (R\$ million)</b>					
Net revenue	4,412	4,993	5,066	15%	1%
Gross profit	1,318	1,413	1,381	5%	(2%)
Adjusted EBITDA <sup>1</sup>	1,333	1,203	1,242	(7%)	3%
Adjusted net debt <sup>2</sup>	25,477	26,268	26,508	4%	1%
Adjusted cash/cash equivalents <sup>2</sup>	5,146	4,328	3,070	(40%)	(29%)
Adjusted net debt/adjusted EBITDA	5.45x	5.66x	5.82x	0.37 x	0.16 x

<sup>1</sup> Adjusted EBITDA is calculated based on net profit/loss, plus depreciation and amortization, income tax, net finance income (costs), 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 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI beginning December/15.

<sup>2</sup> Adjusted net debt and adjusted cash account for, beginning December 15, 100% stake in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, and exclude forfeiting and payor risk operations.

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# EARNINGS RELEASE

## 1Q18

### CSN's Consolidated Result

- **Net revenue** in 1Q18 totaled R\$5,066 million, 15% and 1% higher than those recorded in 1Q17 and 4Q17, respectively. The improvement in performance compared to 4Q17 was due to the increase in steel product prices, while in the mining segment net revenue remained stable.
- In 1Q18, **cost of sales** totaled R\$3,685 million, an increase of 2.9% compared to 4Q17, due to coal HCC FOB Aus US\$/ton (+17.0%) price increases and iron ore Platts Iron Ore Fines 62% CFR North China (+13.3%).
- In the first quarter of **2018**, **gross profit** totaled R\$1,381 million, a decrease of 2% compared to 4Q17, and decrease in gross margin by 1.0 p.p. against the same comparison basis, reaching 27.3%, due to the increase in steel costs, partially compensated by the recovery of the mining margin.
- In 1Q18, **general and administrative expenses** totaled R\$102 million, a decrease of 9% compared to the same period in 2017, from 2.5% (1Q17) to 2.0% (1Q18) of net revenue, reflecting the dilution of expenses against an increase in revenues. **Selling expenses** totaled R\$455 million, or 9.0% of net revenue, a growth of 0.7 p.p. compared to 1Q17 (8.3% of net revenue) due to an increase in sales for the period.
- In 1Q18, **other net income (costs)**, totaled R\$1,797 million arising mainly from the gain on the appreciation of Usiminas' shares, which were recognized at fair value through results, under IFRS9/CPC48, effective in January 2018.

- In 1Q18, **net finance costs**, totaled R\$594 million. **Finance costs (ex-variation)** continue to decrease, by virtue of the decrease in Selic rate, generating a **reduction of R\$264MM** compared to 1Q17. The losses on inflation adjustments and exchange rate changes, in the amount of R\$138 million, were partially compensated by the hedge accounting positions.

<b>Finance income (costs) - IFRS</b>	<b>(497)</b>	<b>(860)</b>	<b>(594)</b>
<b>Finance income</b>	103	48	43
<b>Finance costs</b>	(601)	(908)	(637)
<b>Finance costs (ex-variation)</b>	(787)	(683)	(523)
<b>Exchange rate changes</b>	186	(225)	(113)
Inflation adjustments and exchange rate changes	308	(427)	(138)
Hedge accounting	(135)	202	24
Derivative gains	13	-	1

The finance income (costs) includes 100% stake in CSN Mining, 37.27% in MRS and 50% in CBSI, beginning December/15.

- Share of profit of investees** totaled R\$25 million in **1Q18**, compared to R\$11 million in 4Q17, mainly due to the better results in MRS and Arverdi.

MRS Logística	39	25	33	32%	(15%)
CBSI	0	0	1	-	-
TLSA	(4)	(2)	(3)	50%	(25%)
Arvedi Metalfer BR	(1)	(5)	0	-	-
Eliminations	(13)	(8)	(6)	(25%)	(54%)
<b>Share of profit of investees</b>	<b>20</b>	<b>11</b>	<b>25</b>	<b>127%</b>	<b>25%</b>

- In **1Q18**, the Company recorded **net profit of R\$1,486 million**, compared to net profit of R\$378 million in 4Q17, arising from the adjustment to fair value of Usiminas' shares, which were recorded in results, under IFRS9.

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2

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## 1Q18

<b>Net profit (loss) for the period</b>	<b>118</b>	<b>378</b>	<b>1,486</b>	<b>1,159%</b>	<b>293%</b>
(-) Depreciation	390	319	305	(22%)	(4%)
(+) Income tax and social contribution	137	(1)	559	308%	-
(+) Finance income (costs), net	497	860	594	20%	(31%)
<b>EBITDA (ICVM 527)</b>	<b>1,142</b>	<b>1,556</b>	<b>2,944</b>	<b>158%</b>	<b>89%</b>
(+) Other operating income (expenses)	99	(473)	(1,797)	-	280%
(+) Share of loss of investees	(21)	(11)	(25)	25%	127%
(-) Proportional EBITDA in jointly-owned subsidiaries	113	132	119	6%	(10%)
<b>Adjusted EBITDA</b>	<b>1,333</b>	<b>1,204</b>	<b>1,242</b>	<b>(7%)</b>	<b>3%</b>

<sup>1</sup>The Company's adjusted EBITDA excludes equity interest and other operating income (expenses) as these items should not be considered when calculating the cash flow generated from operating activities.

- **Adjusted EBITDA** totaled R\$1.242 million, compared to R\$1.204 million in 4Q17, an increase of 3% due to the increase in the mining segment. **Adjusted EBITDA margin reached 23.5%**, an increase of 0.5 p.p. compared to the previous quarter.

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

### Debt

As of March 31, 2018, adjusted net debt totaled R\$26,508 million, while net debt/EBITDA ratio, calculated based on the adjusted EBITDA for the last twelve months, reached 5.82x. The increase resulted from the exchange gains for the period that impacted the US dollar-denominated debt and dividends to minority shareholders for the 2015-2016 period of the former subsidiary Nacional Minérios S.A. (merged into CSN Mineração S.A.), paid in 1Q18.

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## 1Q18

### Foreign exchange exposure

The net foreign exchange exposure of the consolidated balance sheet was US\$2,539 million as of March 31, 2018, as shown in the table below. It should be noted that within the net foreign exchange exposure, a liability of US\$1.0 billion is included in line item "Borrowings and financing" related to the perpetual bond, which, due to its nature, will not require disbursement for settlement of the principal amount in the foreseeable future.

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

Cash	777	244
Accounts receivable	311	322
Other	3	4
<b>Total assets</b>	<b>1,091</b>	<b>571</b>
Borrowings and financing	(4,333)	(4,236)
Trade payables	(98)	(175)
Other payables	(4)	(5)
<b>Total liabilities</b>	<b>(4,434)</b>	<b>(4,417)</b>
	-	-
<b>Natural foreign exchange exposure (assets - liabilities)</b>	<b>(3,343)</b>	<b>(3,846)</b>
Derivatives, net	-	-
Cash flow hedge accounting	1,318	1,307
<b>Foreign exchange exposure, net</b>	<b>(2,025)</b>	<b>(2,539)</b>
Perpetual bond	1,000	1,000
<b>Foreign exchange exposure, net (ex-bond)</b>	<b>(1,025)</b>	<b>(1,539)</b>

## Investments

**Investments totaled R\$223 million in 1Q18**, a decrease of 35% compared to 4Q17, arising mainly due to the project seasonality. The increase in mining expenses refers to the waste filtering projects and production by magnetic concentrators.

Steel	92	102	119	168	481	65
Mining	60	106	115	97	378	116
Cement	24	20	34	40	118	23
Logistics	13	11	19	33	76	18
Other	0	0	6	6	12	2
<b>Total investments - IFRS</b>	<b>190</b>	<b>239</b>	<b>293</b>	<b>344</b>	<b>1,065</b>	<b>223</b>

## Working capital

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

- Accounts receivable: excludes dividends receivable, advances to employees and other receivables;
- Inventories: includes estimated losses and excludes the spare parts, which are not part of the cash conversion cycle, and will be subsequently recorded in property, plant and equipment when consumed;
- Advanced taxes: solely composed of income tax and social contribution included in line item "Recoverable taxes";
- Taxes payable: composed of line item "Taxes payable", in current liabilities, plus taxes in installments;

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## 1Q18

- Advances from customers: recognized in line item “Other payables”, in current liabilities;
- Trade payables: includes forfeiting and payor risk<sup>1</sup>.

Accordingly, working capital invested in the Company’s business **totaled R\$2,383 million in 1Q18, reducing the financial cycle in 14 and 28 days**, compared to **4Q17** and **1Q17**, respectively, reflecting the effective working capital management, mainly in relation to the extension of maturity dates for payment of raw materials.

<b>Assets</b>	<b>5,5265,9866,252</b>	<b>266</b>	<b>726</b>
Trade receivables	1,849 2,197 2,146	(51)	297
Inventories	3,562 3,783 4,064	281	502
Prepaid taxes	115 6 42	36	(72)
<b>Liabilities</b>	<b>2,4953,0673,869</b>	<b>801</b>	<b>1,374</b>
Trade payables	1,934 2,461 3,253	792	1,319
Payroll and related taxes	252 252 233	(19)	(18)
Taxes payable	190 286 288	2	98
Advances from customers	119 69 95	26	(24)
<b>Working capital</b>	<b>3,0312,9192,383</b>	<b>(535)</b>	<b>(647)</b>

Receipt	33	34	33	(1)	-
Payment	56	62	79	17	23
Inventories	104	95	99	4	(5)
<b>Financial cycle</b>	<b>81</b>	<b>67</b>	<b>53</b>	<b>(14)</b>	<b>(28)</b>

<sup>1</sup>The forfeiting and payor risk operations were settled in 2016.

## Business segment reporting

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:

Beginning 2013, the Company no longer proportionally consolidated its jointly-owned subsidiaries Namisa, MRS and CBSI. For purposes of preparation and presentation of the information by business segment, Management maintained the proportional consolidation of the jointly-owned subsidiaries, as historically presented. For purposes of reconciliation of the consolidated profit or loss, the amounts recorded by these companies are not included in "Corporate expenses/elimination". After the closing of 2015, after the combination of the mining assets (Casa de Pedra, Namisa and Tecar), the consolidated profit or loss includes this new company's information as a whole.

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## 1Q18

<b>Net revenue</b>	<b>3,674</b>	<b>1,152</b>	<b>66</b>	<b>331</b>	<b>131</b>	<b>9</b>
Domestic market	2,291	219	66	331	131	
Foreign market	1,384	933	-	-	-	
<b>CPV</b>	<b>(2,900)</b>	<b>(795)</b>	<b>(46)</b>	<b>(244)</b>	<b>(125)</b>	<b>(6)</b>
<b>Gross profit</b>	<b>774</b>	<b>356</b>	<b>20</b>	<b>87</b>	<b>5</b>	<b>2</b>
SG&A	(234)	(21)	(10)	(23)	(20)	(0)
Depreciation	150	106	4	65	27	
Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	
<b>Adjusted EBITDA</b>	<b>690</b>	<b>442</b>	<b>14</b>	<b>128</b>	<b>12</b>	<b>2</b>

<b>Net revenue</b>	<b>3,435</b>	<b>1,175</b>	<b>71</b>	<b>365</b>	<b>106</b>	<b>10</b>
Domestic market	2,147	175	71	365	106	10
Foreign market	1,287	1,001	-	-	-	
<b>CPV</b>	<b>(2,670)</b>	<b>(909)</b>	<b>(45)</b>	<b>(259)</b>	<b>(106)</b>	<b>(7)</b>
<b>Gross profit</b>	<b>765</b>	<b>266</b>	<b>26</b>	<b>106</b>	<b>(0)</b>	<b>3</b>
SG&A	(204)	(37)	(8)	(27)	(22)	(0)
Depreciation	153	121	4	63	25	
Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	

<b>Adjusted EBITDA</b>	<b>713</b>	<b>351</b>	<b>22</b>	<b>142</b>	<b>3</b>	
<b>Net revenue</b>	<b>3,071</b>	<b>1,174</b>	<b>55</b>	<b>323</b>	<b>126</b>	
Domestic market	1,789	190	55	323	126	
Foreign market	1,283	984	-	-	-	
<b>CPV</b>	<b>(2,395)</b>	<b>(636)</b>	<b>(37)</b>	<b>(280)</b>	<b>(130)</b>	<b>(6)</b>
<b>Gross profit</b>	<b>677</b>	<b>538</b>	<b>18</b>	<b>43</b>	<b>(4)</b>	
SG&A	(235)	(40)	(7)	(24)	(19)	
Depreciation	169	123	3	104	35	
Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	
<b>Adjusted EBITDA</b>	<b>610</b>	<b>620</b>	<b>14</b>	<b>123</b>	<b>12</b>	

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## 1Q18

### CSN's Steel Results

According to the World Steel Association (WSA), the global crude steel production totaled 426.6 million tons (Mton) in 1Q18, an increase of 4.1% compared to 1Q17. Asia produced 294.1 Mton in 1Q18, an increase of 4.6% compared to the same period in 2017, while the European Union and North America increased by 0.9% and 1.9%, respectively, on the same comparison basis.

- In **1Q18**, CSN's **plate production** totaled 1,050 thousand tons, an increase of 5% compared to 1Q17. In turn, the **production of flat rolled products in 1Q18 increased by 2% and 12%** compared to 4Q17 and 1Q17, respectively, totaling 1,023 thousand tons. **According to the Brazilian Steel Institute (IABr)**, in the first quarter of 2018, **the domestic sales** totaled 4.4 million tons of steel, **an increase of 11.4%** compared to the first three months of prior year. The **apparent consumption** totaled 4.9 million tons, **an increase of 8.3%** compared to the same period of last year. **Brazilian steel production** totaled 8.6 million tons, **an increase of 4.9%**. The **estimated domestic sales** increased from 4.1% to 6.6% (18 million tons) in 2018.

<b>Total plates (UPV + third parties)</b>	<b>999</b>	<b>1,099</b>	<b>1,050</b>	<b>(5%)</b>	<b>5%</b>
Plate production	982	1,099	1,050	(4%)	7%
Third-party plates	18	0	0	(100%)	(100%)
<b>Total flat rolled products</b>	<b>874</b>	<b>959</b>	<b>978</b>	<b>2%</b>	<b>12%</b>
<b>Total long rolled products</b>	<b>53</b>	<b>45</b>	<b>40</b>	<b>(11%)</b>	<b>(25%)</b>

- CSN's **total sales** reached 1,277 thousand tons of steel products in **1Q18**, an increase of 2% compared to 4Q17.

- In **1Q18** the steel volume sold by CSN in the **domestic market** totaled 782 thousand tons, an increase of 2% compared to 4Q17 and 27% compared to 1Q17. The **expansion of the automotive and OEM market significantly increased the cold rolled flat steel products (+33% - 1Q18x1Q17) and galvanized items (+54%- 1Q18x1Q17). Out of this total, 737 thousand tons refers to flat steel products 45 thousand tons to long steel products.**

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7

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## 1Q18

- In the **foreign market**, CSN's sales in **1Q18** totaled 496 thousand tons, an increase of 2.5% compared to the immediately prior quarter. In this period, 60 thousand tons were directly exported and 436 thousand tons were sold by the foreign subsidiaries, out of which 118 thousand tons by LLC, 216 thousand tons by SWT and 102 thousand tons by Lusosider.
- In 1Q18, CSN maintained its high **share of coated products** as a percentage of total sales volume, following the strategy of adding more value to its product mix. Sales of coated products such as galvanized items and metallic sheets accounted for 53% of flat steel sales, considering all markets in which the Company operates. In the **foreign market**, coated products accounted for 81% of flat steel sales in 1Q18.

According to **ANFAVEA** (National Association of Automobile Manufacturers), **in the first quarter of 2018, the production of vehicles, light commercial vehicles, trucks and buses** totaled 669,657 thousand units, **an increase of 14.6%**, compared to the same period of prior year. **The exports** maintained good performance, totaling 180,200 thousand vehicles sold, **an increase of 3.3%** compared to the same period of prior year. Anfavea estimates an increase of 13.2% in vehicles produced in, for 3.05 million units.

**Sales by segment**  
**1Q17/4Q17/1Q18**

According to **ABRAMAT** (Brazilian Association of Building Material Industry), the accumulated **building material sales** decreased by 6.3% through March 2018, compared to 1Q17; however, the association estimates an increase between 1% and 2% in the industry revenues.

According to **IBGE** (Brazilian Institute of Geography and Statistics), the **home appliance production** increased in the first six-month period of 2018, **an increase of 4.3% and 28.3%, in white and brown lines**, respectively.

According to **INDA** (National Institute of Steel Distributors) in **1Q18**, distribution purchases **increased by 4.4%**, while **flat steel sales increased by 13.8%** compared to 1Q17. **Accumulated imports through March 2018 increased by 2.9%** compared to the same period in 2017, a total volume of 302.7 thousand tons.

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# EARNINGS RELEASE

## 1Q18

- **Net revenue** totaled R\$3,674 million in 1Q18, an increase of 7% and 20% compared to 4Q17 and 1Q17, respectively, mainly due to an increase in sales in the domestic market and higher average steel prices, both in the domestic market (+6% compared to 4Q17) and foreign market (+5% compared to 4Q17).
- **Cost of sales in 1Q18** increased by 8.6% compared to 4Q17, totaling R\$2,900 million, mainly due to the increase in raw material prices (coal, iron ore, coke and pellets) and non-scheduled maintenances and adverse climate condition.
- **Plate production cost in 1Q18** totaled R\$1,474/t, an increase of 14% compared to 4Q17. The increase in the prices of the main raw materials, due to the abovementioned operational events, will be balanced in the next quarters.
- **Adjusted EBITDA** totaled R\$690 million in **1Q18**, a decrease of 3.2% compared to R\$713 million in 4Q17, due to CPV increase. The adjusted EBITDA margin in 1Q18 reached 18.8%, or a decrease of 2.0p.p. compared to the immediately prior quarter.

### CSN's Mining Results

In **1Q18**, the expansion of the Chinese steel production aligned with the increase in the steel price in the foreign market positively impacted the iron ore prices. In this regard, **iron ore price ratio in 1Q18 reached US\$74.26/dmt (Platts, Fe62%, N. China), on average, a 13% increase compared to 4Q17**; however, a decrease of 13% compared to 1Q17, with an

average of US\$85.64/dmt.

In relation to **maritime freight**, the BCI-C3 (Tubarão-Qingdao) route reached an average of US\$15.60/wmt in **1Q18, a decrease of 16%** compared to the prior quarter. In addition to the ore price, another positive factor in this quarter was the decrease in silica discounts, and the respective **market discount has significantly decreased by 17% in 1Q18** compared to 4Q17.

- In **1Q18, iron ore production totaled** 6.2 million tons, a decrease of 4% compared to 4Q17, mainly due to the high rainfall index in the period and limitations on our tailing dam utilization. **Iron ore purchases** totaled 1,487 thousand tons in **1Q18**, a decrease of 19% compared to 4Q17.

- **Iron ore sales** totaled 7.5 million tons in **1Q18**, an increase of 3% compared to 1Q17, out of which 1.3 million tons were sold to Presidente Vargas Plant.

Iron ore production	7,858	6,378	6,129	(4%)	(22%)
Ore purchased from third parties	137	1,828	1,487	(19%)	988%
<b>Total production + purchases</b>	<b>7,995</b>	<b>8,206</b>	<b>7,616</b>	<b>(7%)</b>	<b>(5%)</b>
Sales to UPV	1,347	1,236	1,309	6%	(3%)
Volume sold to third parties	5,897	8,325	6,165	(26%)	5%
<b>Total sales</b>	<b>7,244</b>	<b>9,561</b>	<b>7,474</b>	<b>(22%)</b>	<b>3%</b>

The production and sales volumes considered a 100% stake in CSN

Mineração.

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9

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## 1Q18

- In **1Q18**, mining **net revenue** totaled R\$1.152 million, a decrease of 2% compared to the immediately prior quarter due to the decrease in sales volumes (-22%), compensated by the increase in the market prices, as well as the respective realization by the company. The CIF+FOB unit revenue in 1Q18 totaled US\$55.9/wmt, an increase of 12% compared to the prior quarter.

### Realized iron ore price by CSN Mineração (CIF+FOB\* - US\$/wmt delivered in China)

\*Beginning 4Q16, the company started to report the realized iron ore price considering the sum of the CIF and FOB values, as shown above.

- **Mining sales cost** totaled R\$795 million in **1Q18**, a decrease of 13% compared to 4Q17, due to the decrease in the sales volume in the period (-22%).
- **Adjusted EBITDA** totaled R\$442 million in **1Q18**, an increase of 26% compared to 4Q17. **Adjusted EBITDA margin reached 38% in 1Q18, or an increase of 8,5p.p. compared to 4Q17**, mainly due to the increase in realized prices, lower freight/ton ratio and decrease in the silica discounts in the period.

CSN's Logistics Results

**Railway logistics:** In **1Q18**, **net revenue** totaled R\$331 million, generating **adjusted EBITDA** of R\$128 million and **adjusted EBITDA margin** of 38.7%.

**Port logistics:** In **1Q18**, Sepetiba Tecon shipped 219 thousand tons of steel products, in addition to 31 thousand tons of general cargo and approximately 65 thousand containers. In 1Q18, **net revenue** totaled R\$66 million, generating **adjusted EBITDA** of R\$14 million and **adjusted EBITDA margin** of 21%.

Container volume (thousand units)	30	69	65	(6%)	117%
Steel volume (thousand ton)	275	253	219	(13%)	(20%)
General cargo volume (thousand ton)	5	3	31	933%	520%

#### CSN's Cement Results

In the **first quarter of 2018**, **cement sales in the domestic market** totaled 12.6 million tons, according to the preliminary industry data, disclosed by the **SNIC** (National Cement Industry Union), a decrease of 3.0% compared to the first quarter of 2017.

According to the SNIC data, **sales volume in the first quarter was slightly below the estimated volume**, due to the strong rainfall index in February and March, which impacted the sales performance. For 2018, SNIC estimates an increase between 1% and 2% in cement sales compared to the sales in 2017.

In **1Q18**, **cement sales** totaled 806 thousand tons, an increase of 22% compared to 4Q17, representing **net revenue** of R\$131 million. Adjusted **EBITDA** reached R\$12 million (+346%), with **adjusted EBITDA margin** of 9.3%, or an increase of 6.7p.p. compared to the prior quarter, due to the increased prices and volumes.

Total production	817	726	775	7%	(5%)
Total sales	821	661	806	22%	(2%)

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10

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# EARNINGS RELEASE

## 1Q18

### CSN's Energy Results

According to the **EPE** (Energy Research Company), **domestic electric energy consumption** increased by 0.4% in 1Q18 compared to the same period of prior year. The electric energy consumption in the industrial sector increased by 0.8% in March 2018 compared to the past year. The residential and commercial sectors reduced the electric energy consumption by -2.6% and -2.0%, respectively, compared to March 2017.

In **1Q18**, **net energy revenue** totaled R\$91 million, with **adjusted EBITDA** of R\$22 million and **adjusted EBITDA margin** of 24%.

### Capital market

In the **first quarter of 2018**, the CSN's shares appreciated by 5.0%, while the Ibovespa index appreciated by 11.7%. The daily traded volume (CSNA3) on B3, in turn, totaled R\$103.4 million. On the New York Stock Exchange (NYSE), the Company's American Depositary Receipts (ADRs) appreciated by 4.4%, while Dow Jones decreased by 2.9%. The daily traded volume (SID) of the Company's ADRs on NYSE totaled US\$11.0 million.

<b>Number of shares (in thousands)</b>	<b>1,387,524</b>
<b>Market value</b>	
Closing price (R\$/share)	8.80
Closing price (US\$/ADR)	2.63
Market value (R\$ million)	12,210
Market value (US\$ million)	3,673
<b>Total return including dividends and interest on capital</b>	
CSNA3	5.0%

SID	4.4%
Ibovespa	11.7%
Dow Jones	(2.9%)
<b>Volume</b>	
Daily average (thousand shares)	10,466
Daily average (R\$ thousand)	103,407
Daily average (thousand ADRs)	3,636
Daily average (US\$ thousand)	11,031
<i>Source: Bloomberg</i>	

**Conference Call in Portuguese with Simultaneous Translation into English May 15, 2018**

11:00 a.m. (Brasília time)  
 10:00 a.m. (Nova York time)  
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 Code: CSN  
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Some of the statements contained herein are forward-looking statements that express or imply expected results, performance or events. These perspectives include future results that may be influenced by historical results and the statements under 'Outlook'. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, protectionist measures in the USA, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

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# EARNINGS RELEASE

## 1Q18

### CONSOLIDATED SALES VOLUME (thousand tons)

<b><u>Flat steel</u></b>	<b><u>566</u></b>	<b><u>720</u></b>	<b><u>737</u></b>	<b><u>17</u></b>	<b><u>171</u></b>
Plate	-	1	-	(1)	-
Hot rolled	215	275	271	(4)	56
Cold rolled	118	129	157	28	39
Galvanized	157	236	242	6	85
Tin plates	77	78	67	(11)	(10)
<b>UPV Long Steel</b>	<b>51</b>	<b>50</b>	<b>45</b>	(5)	(6)
<b>DOMESTIC MARKET</b>	<b>617</b>	<b>770</b>	<b>782</b>	<b>12</b>	<b>165</b>
<b><u>Flat steel</u></b>	<b><u>349</u></b>	<b><u>285</u></b>	<b><u>280</u></b>	<b><u>(5)</u></b>	<b><u>(69)</u></b>
Hot rolled	20	24	35	11	15
Cold rolled	24	8	17	9	(7)
Galvanized	258	202	191	(11)	(67)
Tin Plates	48	52	37		

				(15)	(11)
<b>Long Steel (profiles)</b>	<b>228</b>	<b>198</b>	<b>216</b>	18	(12)
<b>FOREIGN MARKET</b>	<b>577</b>	<b>484</b>	<b>496</b>	<b>12</b>	<b>(81)</b>
<b>Flat steel</b>	<b>915</b>	<b>1.005</b>	<b>1.017</b>	<b>12</b>	<b>102</b>
Plate	-	1	-	(1)	-
Hot rolled	235	298	306	8	71
Cold rolled	141	137	174	37	33
Galvanized	415	438	433	(5)	18
Tin Plates	124	130	104	(26)	(20)
<b>UPV Long Steel</b>	<b>51</b>	<b>50</b>	<b>45</b>	(5)	(6)
<b>Long Steel (profiles)</b>	<b>228</b>	<b>198</b>	<b>216</b>	18	(12)
<b>TOTAL MARKET</b>	<b>1,194</b>	<b>1,253</b>	<b>1,277</b>	<b>24</b>	<b>83</b>

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# EARNINGS RELEASE

## 1Q18

### INCOME STATEMENT

#### CONSOLIDATED – Corporate Law (thousands of Brazilian reais)

<b>Net sales revenue</b>	<b>4,411,596</b>	<b>4,992,725</b>	<b>5,065,950</b>
Domestic market	1,989,552	2,371,785	2,515,270
Foreign market	2,422,044	2,620,940	2,550,680
<b>Cost of sales (CPV)</b>	<b>(3,093,474)</b>	<b>(3,579,838)</b>	<b>(3,684,743)</b>
<b>CPV, net of depreciation and depletion</b>	<b>(2,711,868)</b>	<b>(3,269,087)</b>	<b>(3,386,399)</b>
<b>Depreciation/depletion allocated to cost</b>	<b>(381,606)</b>	<b>(310,751)</b>	<b>(298,344)</b>
<b>Gross profit</b>	<b>1,318,122</b>	<b>1,412,887</b>	<b>1,381,207</b>
<b>Gross margin (%)</b>	<b>30%</b>	<b>28%</b>	<b>27%</b>
<b>Selling expenses</b>	<b>(367,575)</b>	<b>(549,273)</b>	<b>(454,860)</b>
<b>General and administrative expenses</b>	<b>(112,398)</b>	<b>(102,944)</b>	<b>(102,385)</b>
<b>Depreciation and amortization</b>	<b>(8,278)</b>	<b>(8,069)</b>	<b>(6,831)</b>
<b>Other income (expenses), net</b>	<b>(99,189)</b>	<b>473,380</b>	<b>1,796,928</b>
<b>Share of profit of investees</b>	<b>21,105</b>	<b>10,611</b>	<b>24,851</b>
<b>Operating income before finance income (costs)</b>	<b>751,787</b>	<b>1,236,592</b>	<b>2,638,910</b>
<b>Finance income (costs), net</b>	<b>(497,224)</b>	<b>(859,987)</b>	<b>(593,704)</b>
<b>Income before income tax and social contribution</b>	<b>254,563</b>	<b>376,605</b>	<b>2,045,206</b>
<b>Income tax and social contribution</b>	<b>(136,948)</b>	<b>781</b>	<b>(558,711)</b>
<b>Income from continued operations</b>	<b>117,615</b>	<b>377,386</b>	<b>1,486,495</b>
<b>Profit for the period</b>	<b>117,615</b>	<b>377,386</b>	<b>1,486,495</b>

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# EARNINGS RELEASE

## 1Q18

### BALANCE SHEET

Corporate Law (thousands of Brazilian reais)

<b>Current assets</b>	<b>11,881,496</b>	<b>11,110,356</b>
Cash and cash equivalents	3,411,572	2,234,154
Short-term investments	735,712	729,027
Trade receivables	2,276,215	2,230,749
Inventories	4,464,419	4,902,125
Other current assets	993,578	1,014,301
<b>Non-current assets</b>	<b>33,328,474</b>	<b>33,731,354</b>
Long-term receivables	2,591,594	2,672,981
Investments	5,499,995	5,865,593
Property, plant and equipment	17,964,839	17,923,452
Intangible assets	7,272,046	7,269,328
<b>TOTAL ASSETS</b>	<b>45,209,970</b>	<b>44,841,710</b>
<b>Current liabilities</b>	<b>10,670,050</b>	<b>9,492,525</b>
Payroll and related taxes	252,418	233,216
Trade payables	2,460,774	3,077,448
Taxes payable	264,097	269,302
Borrowings and financing	6,526,902	

		5,178,612
Other payables	1,059,901	646,345
Provision for risks	105,958	87,602
<b>Non-current liabilities</b>	<b>26,251,691</b>	<b>27,125,565</b>
Borrowings, financing and debentures	22,983,942	23,335,287
Deferred taxes	1,173,559	1,674,988
Other payables	129,323	133,817
Provision for risks	719,133	739,009
Other provisions	1,245,734	1,242,464
<b>Equity</b>	<b>8,288,229</b>	<b>8,223,620</b>
Capital	4,540,000	4,540,000
Capital reserve	30	30
Accumulated losses	(1,291,689)	180,174
Other comprehensive income	3,779,032	2,247,566
Non-controlling interest	1,260,856	1,255,850
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>45,209,970</b>	<b>44,841,710</b>

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# EARNINGS RELEASE

## 1Q18

### CASH FLOW STATEMENT

#### CONSOLIDATED - Corporate Law (In Thousand of R\$)

<b>Net cash generated by operating activities</b>	<b>477,680</b>	<b>459,217</b>
(Net Losses) / Net income attributable to controlling shareholders	357,570	1,471,863
Loss for the period attributable to non-controlling interests	19,816	14,632
Charges on borrowings and financing raised	447,473	462,685
Charges on borrowings and financing granted	(3,962)	(11,175)
Depreciation, depletion and amortization	330,259	315,872
Share of profits (losses) of investees	(10,611)	(24,851)
Deferred income tax and social contribution	(82,043)	438,797
Provision for risks	5,674	1,046
Foreign exchange and monetary variations, net	490,044	51,488
Write off fixed assets and intangible	6,527	1,780
Accrued actuarial liability	(36,953)	
Adjusted shares - VJR		(1,936,389)
Environmental liabilities and Deactivation Provisions	34,643	(3,270)
Monetary correction from Eletrobrás compulsory loan	(755,151)	
Other provisions	114,989	39,857
<b>Working Capital</b>	<b>76,253</b>	<b>254,746</b>
Accounts Receivable	(81,296)	112,946
Trade Receivables – Related Parties	3,308	(24,304)
Inventory	(178,848)	(420,862)
Interest receive - Related Parties	77,781	(10,408)
Taxes to be offset	9,718	(1,156)
Judicial Deposits	26,087	(12,443)
Suppliers	186,520	606,335
Payroll and related taxes	(45,259)	(19,827)
Taxes (Refis)	(7,419)	1,673
Due to related parties	56,437	4,605
Other	29,224	18,187
<b>Others Payments and Receipts</b>	<b>(516,848)</b>	<b>(617,864)</b>
Interest paid	(508,170)	(617,864)
Interest received	(8,678)	
<b>Cash Flow from Investment Activities</b>	<b>(363,382)</b>	<b>(213,570)</b>
Purchase of property, plant and equipment	(343,612)	(223,270)
Purchase of intangible assets	(293)	
Derivative transactions	79	

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Related parties loans	(33,884)	(36,362)
Loans / Receive loans - related parties	(7,297)	
Short-term investment, net of redeemed amount	21,625	6,685
Cash from the sale of Usiminas' shares		39,377
<b>Cash Flow from Financing Companies</b>	<b>(94,279)</b>	<b>(1,423,065)</b>
Borrowings and financing raised, net of transaction costs	363,506	1,320,776
Borrowing amortizations - principal	(457,547)	(2,190,683)
Borrowing costs	(238)	(51,156)
Dividends to minority shareholders		(502,002)
<b>Foreign Exchange Variation on Cash and Cash Equivalents</b>	<b>10,121</b>	
<b>Free Cash Flow</b>	<b>30,140</b>	<b>(1,177,418)</b>

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15

