

NATIONAL STEEL CO
Form 6-K
October 30, 2017

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of October, 2017
Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

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

Yes No

São Paulo, October 27, 2017

4Q16 and 2016 Earnings Release

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the fourth quarter (4Q16) and full year of 2016, which are presented in Brazilian Reais and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting norms, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. All comments presented herein refer to the Company's 4Q16 and 2016 consolidated results and comparisons refer to the third quarter of 2016 (3Q16), fourth quarter of 2015 (4Q15) and full year of 2015, unless otherwise stated. The Real/U.S. Dollar exchange rate was R\$3.2591 on December 31, 2016 and R\$3.2462 on September 30, 2016.

The Company is restating the balances of the financial statements for the year ended December 31, 2015 due to a detailed review of all aspects of the business combination held on November 30, 2015, in which the Company's mining activities were restructured and concentrated in one of its main companies, CSN Mineração SA. This revision occurred after the first representation, on November 14, 2016, of the financial statements for 2015, as a result of a change in the interpretation of the gains attributed to the controlling and non-controlling shareholders.

In addition to the reexamination of the business combination transaction, the Company revisited the studies that support the recognition and maintenance of long-lived assets and represented the balances of deferred income tax and social contribution credits.

For comparative purposes, the balances for 2015 already include the adjustments described above.

In addition, due to the sale of Companhia Metalic do Nordeste in November 2016, CSN chose to present its results excluding the numbers of its subsidiary, thus establishing a fair comparison between the years.

2016 financial and operating highlights

- **Generation of EBITDA of R\$4,075 million**, 25% up on 2015, accompanied by an EBITDA margin of 22.5%, 2.7p.p. higher than in the previous year.
- **Leverage reduced by 1.8x**, closing the year at 6.3x, versus 8.2x in 2015, mainly due to the increase in EBITDA.
- **Steel segment EBITDA came to R\$1,887 million**, 5% up on 2015, with better sales in the domestic and foreign markets, plus a 4% reduction in selling and administrative expenses.
- **Mining EBITDA totaled R\$1,759 million**, 50% higher than in 2015, with highlight for the 32.2Mt output, equivalent to a 15% increase and the transfer value of iron ore to the steel mill, which changed to market prices, leading to an increase in EBITDA.
- **Divestment in working capital of approximately R\$444 million**, with the financial cycle narrowing by 25 days.
- 100% of Metalic's equity for **R\$372.5 million¹**.

4Q16 financial and operating highlights

- **EBITDA generation of R\$1,249 million**, 1% up on 3Q16, accompanied by an EBITDA margin of 26.3%.
- **Leverage reduced by 1.1x**, closing the year at 6.3x, versus 7.4x in 3Q16, due to an increase in EBITDA generation and a stable adjusted net debt.
- **EBITDA from steel operations totaled R\$545 million**, accompanied by a margin of 18.4% in line with 3Q16.
- **Mining segment EBITDA amounted to R\$511 million**, with an EBITDA margin of 38.8% and **realized FOB price of US\$44,1/t**, 12% higher than the previous quarter.

For further information, please visit our corporate website: www.csn.com.br/ri

Steel Sales (thousand t)	1,172	1,187	4,990	4,857	1%	(3%)
- Domestic Market	62%	62%	59%	57%	-	(2%)
- Overseas Subsidiaries	34%	34%	37%	38%	-	1%
- Exports	4%	4%	4%	5%	-	1%
Iron Ore Sales (thousand t)¹	10,230	9,191	25,670	36,983	(10%)	44%
- Domestic Market	11%	14%	2%	11%	3%	9%
- Exports	89%	86%	98%	89%	(3%)	(9%)

Consolidated Results (R\$ Million)

Net Revenue	4,469	4,519	15,262	17,149	1%	12%
COGS	(3,157)	(3,170)	(11,740)	(12,640)	-	8%
Gross Profit	1,312	1,349	3,522	4,509	3%	28%
SG&A Expenses	(523)	(585)	(1,901)	(2,215)	12%	17%
Adjusted EBITDA ²	1,239	1,249	3,251	4,075	1%	25%
Adjusted Net Debt ³	25,842	25,831	26,499	25,831	-	(3%)
Adjusted Cash Position ³	5,663	5,762	8,862	5,762	2%	(35%)
Net Debt / Adjusted EBITDA	7.4X	6.3X	8.2X	6.3X	(1.1X)	(1.9X)

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

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

³Adjusted net debt and adjusted cash include the 33.27% stake in MRS, 60% in Namisa and 50% in CBSI until November 2015. As of December 2015 these lines include the 100% stake in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, and exclude Forfeiting and Debtor Risk operations.

CSN's Consolidated Result

- **Net revenue** totaled R\$4,519 million in 4Q16 and R\$17,149 million in 2016, 1% and 12% up on 3Q16 and 2015, respectively. The improved performance was influenced by the increase in steel product prices, while the increase in the mining segment in 2016 was due to the higher iron ore sales volume, together with the upturn in ore international prices.
- **COGS** amounted to R\$3,170 million in 4Q16, remaining flat over the previous quarter, while in 2016, COGS came to R\$12,640 million, 8% up on 2015, mostly influenced by the mining sales volume.
- Fourth-quarter **gross profit** totaled R\$1,349 million, 3% up on 3Q16, accompanied by a gross margin of 29.9%, 0.5 p.p. higher quarter-on-quarter. In 2016, gross profit amounted to R\$4,510 million, 28% more than in 2015, with a margin of 26.3%, corresponding to a 3.2 p.p. increase.
- **Selling, general and administrative expenses** (SG&A) totaled R\$585 million in 4Q16, 12% more than in 3Q16. In 2016, SG&A expenses amounted to R\$2,215 million, 17% higher than 2015, due to an iron ore sales mix with freight expenses included.
- **Other operating income (expenses)** reached R\$114 million in the 4Q16, versus a negative impact of R\$1.8 million in 3Q16. In 2016, other operating income (expenses) came in as expense of R\$413.2 million, versus income of R\$2,269 million due to the business combination gain as explained in "Business Combination from Mining".

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- In 2016 the **net financial result** was negative by R\$ 2,612 million, in 4Q16, the net financial result was negative by R\$701 million, due to: i) financial expenses of R\$ 828 million were partially offset by a financial revenue of R\$127 million.

Financial Result - IFRS	(750)	(677)	(3,365)	(2,522)
(+) Financial Result of Joint-Venture	(20)	(24)	1,112	(91)
(+) Namisa	-	-	1,194	-
(+) MRS	(20)	(24)	(86)	(93)
(+) Metalic	-1	(1)	4	2
(=) Proporcional Financial Result¹	(770)	(701)	(2,253)	(2,612)
Financial Revenues	151	127	529	679
Financial Expenses	(921)	(828)	(2,794)	(3,291)
Financial Expenses (ex-exchange rates variation)	(847)	(842)	(3,220)	(3,380)
Result with Exchange Rate Variation	(74)	14	426	89
Monetary and Exchange Rate Variation	(136)	(0)	(1,909)	2,033
Hedge Accounting	61	17	1,431	(1,084)
Notional Amount of Derivatives Contracted	2	(3)	903	(860)
Others	-	-	12	-

¹ The managerial financial result includes the 60% stake in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and the 100% stake in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

- CSN's **equity result** was positive by R\$65 million in 2016, versus income of R\$1,160 million in 2015. This result was chiefly influenced by the non-recognition of the equity result by Namisa, with its merger into CSN Mining (formerly Congonhas Minérios), in 4T15 as shown below:

Namisa	-	-	1,157	-	-	-
MRS Logística	42	20	84	156	(52%)	86%
CBSI	1	1	(3)	3	-	-
TLSA	(6)	(35)	(31)	(52)	-	68%
Arvedi Metalfer BR	2	(0)	(16)	1	-	-
Eliminações	(13)	(9)	(31)	(43)	(31%)	39%

Share of profits (losses) of investees	26	(24)	1,160	65	-	-
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- CSN recorded fourth-quarter net loss of R\$55,7 million, versus a net loss of R\$67 million in 3Q16. In 2016, the Company posted a net loss of R\$853 million, versus net loss of R\$1,216 million in 2015.

Profit (loss) for the Period	(67)	(56)	(1,216)	(853)	67%	(30%)
Result of Discontinued Operations	7	3	(2)	10	(57%)	-
Depreciation	311	356	1,131	1,279	14%	13%
Income Tax and Social Contribution	123	2	2,903	267	-	(90%)
Finance Income	750	677	3,365	2,522	(10%)	(25%)
EBITDA (ICVM 527)	1,125	982	6,181	3,224	(13%)	(48%)
Other Operating Income (Expenses)	2	114	(2,269)	413	-	-
Share of Profit (Loss) of Investees	(26)	24	(1,160)	(65)	-	-
Proportionate EBITDA of Joint Ventures	138	129	499	502	(7%)	1%
Adjusted EBITDA¹	1,239	1,249	3,251	4,075	1%	25%

¹ The Company discloses its adjusted EBITDA excluding stake in investees and other operating revenue (expenses) as it understands that these amounts should be excluded from the calculation of recurring operating cash flow.

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- **Adjusted EBITDA** amounted to R\$1,249 million in 4Q16, versus R\$1,239 million in the previous quarter, accompanied by a margin of 26.3%, 0.1p.p. higher. In 2016, adjusted EBITDA totaled R\$4,075 million, versus R\$3,251 million in 2015, with a margin of 22.5%, 2.7p.p. higher YoY.

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (%)

¹ The adjusted EBITDA margin is calculated based on adjusted EBITDA divided by adjusted net revenue, which includes the 60% stake in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and the 100% stake in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

Debt

On December 31, 2016, consolidated net debt totaled R\$25,831 million, while net debt/EBITDA ratio was 6.3x, based on LTM adjusted EBITDA.

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Foreign Exchange Exposure

The FX exposure of our consolidated balance sheet on September 30, 2016 was US\$1,740 million, as shown in the table below. It is important to mention that the net FX exposure includes a liability totaling US\$1.0 billion in the Loans and Financing line related to the Perpetual Bonds, which, due to their nature, will not require disbursements for the settlement of the principal amount in the foreseeable future.

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

Cash and cash equivalents overseas	851	914
Accounts Receivable	298	373
Others	14	4
Total Assets	1,163	1,290
Borrowings and Financing	(4,393)	(4,373)
Accounts Payable	(18)	(97)
Other Liabilities	(12)	(18)
Total Liabilities	(4,423)	(4,488)
Foreign Exchange Exposure	(3,261)	(3,198)
Notional Amount of Derivatives Contracted, Net	(98)	-
Cash Flow Hedge Accounting	1,533	1,458
Net Foreign Exchange Exposure	(1,826)	(1,740)
Perpetual Bonds	1,000	1,000
Net Foreign Exchange Exposure Perpetual Bonds	(826)	(740)

Capex

Investments totaled R\$452 million in 4Q16 and R\$1,638 million in 2016, 25% decrease on a YoY basis.

Steel	119	136	133	208	583	596
Mining	62	61	56	78	982	257
Cement	139	261	157	135	539	692
Logistics	10	13	36	23	62	82
Others	-	3	0	8	4	11
Total Investment IFRS	330	474	382	452	2,170	1,638

Working Capital

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

- **Accounts Receivable:** Excludes Dividends Receivable, Advances to Employees and Other Credits.
- **Inventories:** Includes Estimated Losses and excludes Spare Parts, which are not part of the cash conversion cycle, and will be booked in Fixed Assets when consumed;
- **Recoverable Taxes:** Composed only by the Income (IRPJ) and Social Contribution (CSLL) Taxes amount included in Recoverable Taxes;

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- Taxes Payable: Composed by the Current Liabilities account Taxes Payable plus Taxes in Installments;
- Advance from Clients: Subaccount of Other Liabilities recorded in Current Liabilities;
- Suppliers: Includes Forfaiting and Drawee Risk.

As a result, working capital applied to the Company's businesses totaled R\$2,870 million in 4Q16, R\$ 444 million lower than the 4Q15, mainly due to the strong reduction in inventories by R\$ 809 million, offset by an increase of R\$ 471 million in Accounts Receivable. On the same comparison basis, the average repayment term increased by 6 days, while the payment and inventory maturities fell by 1 and 32 days, respectively. In this way the financial cycle was reduced in 25 days.

Assets	5,770	4,953	5,210	257	(560)
Accounts Receivable	1,434	1,789	1,905	116	471
Inventory Turnover	4,060	3,002	3,251	249	(809)
Advances to Taxes:	276	162	54	(108)	(222)
Liabilities	2,455	2,287	2,340	53	(115)
Suppliers:	1,670	1,690	1,763	73	93
Salaries and Social Contribution	255	287	254	(33)	(1)
Taxes Payable	479	248	232	(16)	(247)
Advances from Clients	51	63	91	28	40
Working Capital	3,314	2,666	2,870	204	(444)
Receivables	29	34	35	1	6
Supplier Payment	52	49	51	2	(1)
Inventory Turnover	126	87	94	7	(32)
Cash Conversion Cycle	103	72	78	6	(25)

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:

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

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

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Net revenue by segment in 2016 (R\$ million)

Net Revenue	11,516	4,582	208	1,320	491	269	(1,236)	17,340
Domestic Market	6,980	542	208	1,320	491	269	(2,080)	7,940
Foreign Market	4,536	4,040	-	-	-	-	843	9,419
Cost of Goods Sold	(9,393)	(3,099)	(142)	(914)	(467)	(196)	1,572	(12,639)
Gross Profit	2,123	1,483	66	406	23	73	336	4,701
Selling, General and Administrative Expenses	(915)	(185)	(25)	(83)	(75)	(25)	(907)	(2,220)
Depreciation	679	461	13	228	73	17	(193)	1,466
Proportional EBITDA of Jointly Controlled Companies	-	-	-	-	-	-	502	-
Adjusted EBITDA	1,887	1,759	54	550	22	65	(262)	4,047
Net Revenue	11,203	3,187	213	1,157	432	245	(1,175)	15,050
Domestic Market	6,757	175	213	1,157	432	245	(1,296)	7,471
Foreign Market	4,446	3,012	-	-	-	-	121	7,579
Cost of Goods Sold	(9,127)	(2,324)	(142)	(788)	(330)	(196)	1,166	(11,701)

Gross Profit	2,076	864	71	369	102	49	(8)	3,
Selling, General and Administrative Expenses	(955)	(70)	(20)	(90)	(73)	(23)	(669)	(1,9
Depreciation Proportional EBITDA of Jointly Controlled Companies	670	377	13	189	47	17	(183)	1,
Adjusted EBITDA	1,791	1,171	63	469	75	43	(361)	3,

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Net Revenue	2,962	1,317	62	324	128	67	(341)	4
Domestic Market	1,979	168	62	324	128	67	(570)	2
Foreign Market	982	1,149	-	-	-	-	228	2
Cost of Goods Sold	(2,334)	(797)	(34)	(237)	(133)	(48)	413	(3)
Gross Profit	628	521	28	87	(5)	19	72	1
Selling, General and Administrative Expenses	(262)	(133)	(6)	(9)	(20)	(7)	(148)	
Depreciation	179	124	3	58	28	4	(41)	
Proportional EBITDA of Jointly Controlled Companies	-	-	-	-	-	-	129	
Adjusted EBITDA	545	511	26	137	2	17	12	1

Net Revenue	2,867	1,307	50	355	140	68	(318)	4,4
Domestic Market	1,893	145	50	355	140	68	(552)	2,1
Foreign Market	974	1,162	-	-	-	-	233	2,3
Cost of Goods Sold	(2,300)	(811)	(37)	(237)	(131)	(49)	407	(3,1)
Gross Profit	567	497	13	119	9	19	89	1,3
Selling, General and Administrative Expenses	(183)	(15)	(8)	(24)	(20)	(7)	(267)	(5)
Depreciation	169	118	3	57	15	4	(56)	3

Proportional EBITDA of Jointly Controlled Companies	-	-	-	-	-	-	138	1
Adjusted EBITDA	552	599	9	152	4	17	(95)	1,2

Steel

According to the World Steel Association (WSA), global crude steel production totaled 1.628 billion tonnes in 2016, 0.8% more than in 2015. According to the Brazilian Steel Institute (IABr), domestic crude steel production fell 9.2%, to 30.2 million tonnes. Domestic flat rolled steel production totaled 20.9 million tonnes, 7.7% down on 2015, while apparent steel consumption fell 14.4%, to 18.2 million tonnes, accompanied by domestic sales of 16.5 million tonnes and imports of 1.9 million tonnes. Exports amounted to 13.4 million tonnes, 2.1% down on 2015.

According to INDA (the Brazilian Steel Distributors' Association), in 4Q16 purchases from the distribution segment decreased 3%, while sales fell 4% compared with the 3Q16 figure, totaling 731.4 million and 726.0 million tonnes, respectively. Inventories stood at 900,500 tonnes at the close of 4Q16, 2% less than in the previous month, while inventory turnover widened to 4.1 months.

Automotive

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 2.1 million units in 2016, 11% down year-on-year. On the same comparison basis, new light vehicle, truck and bus licensing fell by 20.2%, to 2.0 million units. Vehicle licensing is expected to increase by 4.0% in 2017, accompanied by sales of 2.13 million units and production of 2.41 million units, an 11.9% increase over 2016.

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Construction

According to ABRAMAT (the Construction Material Manufacturers' Association), 2016 sales of building materials fell 11.5% compared to the previous year. The Association expects the sector's revenue to remain stable in 2017.

Home Appliances

According to the Brazilian Institute of Geography and Statistics (IBGE), home appliance production until December 2016 fell by 7.9% over the same period in the previous year.

Results from CSN's Steel Operation

- **Total sales** came to 1,187,000 tonnes in 4Q16, 1.2% up quarter-on-quarter. Of total sales, 62% came from the domestic market, 34% from our subsidiaries abroad and 4% from exports. In 2016, total sales amounted to 4,857,000 tonnes in 2016, 3% down on 2015.

- In 4Q16, CSN's **domestic** steel sales came to 735,000 tonnes, 1% more than in 3Q16. Of this total, 688,000 tonnes corresponded to flat steel and 47,000 tonnes to long steel. At the close of 2016, domestic steel sales totaled 2,783,000 tonnes, 6% less

year-on-year. Of this total, 2,607,000 tonnes corresponded to flat steel and 176,000 tonnes to long steel.

- Fourth-quarter **export** sales amounted to 451,000 tonnes, 2% up on the 3Q16 figure. Of this total, direct exports reached 52,000 tonnes, while the overseas subsidiaries sold 400,000 tonnes, 149,000 of which by LLC, 181,000 by SWT and 69,000 by Lusosider. Export sales amounted to 2,073,000 tonnes in 2016, 3% up YoY. Of this total, the overseas subsidiaries sold 1,816,000 tonnes, 690,000 of which by LLC, 775,000 by SWT and 351,000 by Lusosider.

- In the fourth quarter, CSN maintained its high **share of coated products** as a percentage of total sales volume, following the strategy of adding more value to its product mix. Sales of coated products such as galvanized items and tin plate accounted for 59% of flat steel sales, in line with the 3Q16 figure, including all the markets where the Company operates. The share of coated products in the **export market** moved up from 88% of flat steel sales to 90% in 4Q16.

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- **Net revenue** totaled R\$2,962 million in 4Q16, 3% up on 3Q16, mostly due to the higher volume of steel sold, both locally and in the international market, and the higher prices in the quarter. In 2016, **net revenue** amounted to R\$11,516 million, 3% more than in 2015, fueled by price increases throughout the year. In the fourth quarter, **average net revenue per tonne** stood at R\$2,437, 2% higher than in 3Q16, while in 2016, **average net revenue per tonne** came to R\$2,370, 5% higher than 2015.

- In 4Q16, the company's plate production totaled 942 thousand tons, an increase of 28% over 3Q16. The production of flat rolled products was 12% higher than in 3Q16, totaling 934 thousand tons in the quarter. We serve the national and international market with own production, purchase of plates and products in processing.

- **COGS** inched up by 1.5% over the previous quarter, to R\$2,334 million. In 2016, COGS totaled R\$9,393 million, 3% higher than 2015.

- The parent company's **production cost** amounted to R\$1,770 million in 4Q16, 22% more than in 3Q16, particularly due to the increase by 28% in the production of slabs and 12% in flat steel production. In 2016, the parent company's production costs totaled R\$5,644 million, 13% less than in 2015.

- The **slab production cost** reached R\$1,179/t, 6% up on 3Q16. The cost in U.S. dollars rose 8% quarter-on-quarter, to US\$358/t. In 2016, average slab production cost was R\$1,147/t, 17% higher than in 2015, while in U.S. dollars, cost was US\$326/t.

- Adjusted EBITDA** totaled R\$545 million in the fourth quarter, increasing by 1% over the R\$552 million posted in 3Q16. The adjusted EBITDA margin dropped from 18.4%, 0.9 p.p. lower than in the previous quarter. In 2016, adjusted EBITDA amounted to R\$1,887 million, 5% up on 2015. The EBITDA margin increased from 16% in 2015 to 16.4% in 2016, equivalent to a 0.4 p.p. gain.

Total Slabs (UPV + Third Parties)	1,062	857	1,058	4,518	3,262	23%	(28%)
Crude Steel Production	998	738	942	4,255	3,015	28%	(29%)
Third Parties Slabs	64	119	116	263	245	(3%)	(7%)
Total Rolled Products	952	835	934	3,993	3,183	12%	(20%)

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- The **slab production cost** reached R\$1,179/t, 6% up on 3Q16. In 2016, average slab production cost was R\$1,147/t, 17% higher than in 2015.

- Adjusted EBITDA totaled R\$545 million in the fourth quarter, increasing by 1% over the R\$552 million posted in 3Q16. The adjusted EBITDA margin dropped from 18.4%, 0.9 p.p. lower than in the previous quarter. In 2016, adjusted EBITDA amounted to R\$1,887 million, 5% up on 2015. The EBITDA margin increased from 16% in 2015 to 16.4% in 2016, equivalent to a 0.4 p.p. gain.

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Mining

The closing of low-efficiency steelmakers fueled the industry's capacity utilization which, in addition, combined with higher demand for steel, contributed to boost margins and iron ore prices. Given this scenario, ore prices rose 5.3% in 2016 over 2015, averaging US\$58.45/dmt (Platts, Fe 62%, N. China).

Demand remained high in the fourth quarter. The seasonal replenishment of inventories before the Chinese New Year's celebration played a crucial role in the increase in iron ore prices in December to over US\$80.00/dmt. As a result, the commodity's price averaged US\$70.76/dmt (Platts, Fe 62%, N. China) at the close of 4Q16, 21% up quarter-on-quarter.

Maritime freight on Route BCI-C3 (Tubarão-Qingdao) averaged US\$8.98/t in 2016, 20% down on the previous year. The first half of 2016 was a period of record lows in terms of ship chartering prices and fleet utilization which, combined with crude oil low prices, greatly contributed to the Route's decline on an annualized basis. In the fourth quarter, in turn, maritime freight was positively impacted by the seasonal upturn in seaborne volumes and higher crude prices, particularly after the OPEC announced production cuts in December. As a result, Route BCI-C3 (Tubarão-Qingdao) closed the fourth quarter averaging US\$11.84/t, 18% up on 3Q16.

Results from CSN's Mining Operation

- CSN's fourth-quarter **iron ore production** came to 7.8 million tonnes, 9% less than in 3Q16. In 2016, iron ore production totaled 32.2 million tonnes, 15% more than the 27.9 million recorded in 2015.
- **Iron ore purchases** reached 609,000 tonnes in 4Q16, 24% down on 3Q16, while in 2016 over 2015, this line contracted by 27%, to 3.4 million tonnes.

- Iron ore **sales** came to 9.2 million tonnes in 4Q16, 10% less than in 3Q16. Shipped iron ore came to 7.0 million tonnes in the fourth quarter, 19% down over the previous quarter, due to quarter seasonality. CSN Mining sold 1.3 million tonnes of iron ore to the President Vargas Steelworks (UPV). In 2016, iron ore sales to third parties amounted to 32,863,000 tonnes, 28% more YoY. CSN Mining sales to UPV amounted to 4,120,000 tonnes.

Iron Ore Production ¹	8,553	7,758	27,886	32,174	(9%)	15%
Third Parties Purchase	797	609	4,636	3,399	(24%)	(27%)
Total Production + Purchase	9,350	8,367	32,502	32,572	(11%)	9%
UPV Sale ²	1,114	1,264	5,024	4,120	13%	(18%)
Third Parties Sales Volume	9,116	7,927	25,669	32,863	(13%)	28%
Total Sales	10,230	9,191	30,693	36,983	(10%)	20%

¹ Production and sales volumes include the 100% stake in NAMISA until November 2015 and 100% in Congonhas in December 2015.

² As of December 2015, Congonhas Minérios began selling iron ore to CSN's President Vargas Steelworks (UPV).

- Net revenue** from mining operations totaled R\$1,317 million in 4Q16, remaining flat over 3Q16 due to the lower sales volume. CFR+FOB unit revenue rose to US\$52,9/t in 4Q16, 12% higher over the previous quarter. In 2016, net revenue from mining operations came to R\$4,582 million, 44% up on 2015, due to the increase in ore prices and sales volume. In 2016, CFR+FOB revenue stood at US\$43,4/t, while the iron ore price index (Platts, 62% Fe, N. China) moved up by an average of 5% in the same comparison.

- In the fourth quarter, mining segment **COGS** amounted to R\$797 million, 2% down quarter-on-quarter, reflecting the efforts to cut production costs. In 2016, **COGS** from mining operations came to R\$3,099 million, 33% higher than in 2015, due to increase in sales volume.

- Adjusted EBITDA** amounted to R\$511 million in 4Q16, 15% down on 3Q16, accompanied by a margin of 39%, 7.0 p.p. lower than in 3Q16, chiefly influenced by the reduction in total sales volume. In 2016, **adjusted EBITDA** totaled R\$1,759 million, 50% more than in 2015, with an adjusted EBITDA margin of 38%, 1.6 p.p. up on 2015.

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Cost without depreciation of Iron Ore from CSN Mining
(CFR + FOB - US\$/wmt delivered in China)

*From the 4Q16, the company will report the price realized considering the sum of CIF and FOB values.

From the 4Q16, the company will report the price realized considering the sum of CIF and FOB values, as seen in above.

Logistics

Railway Logistics: fourth-quarter **net revenue** totaled R\$324 million, generating **EBITDA** of R\$137 million and a **margin** of 42%. In the full year, **net revenue** amounted to R\$1,320 million, accompanied by **EBITDA** of R\$550 million and an **EBITDA margin** of 42%.

Port Logistics: in the fourth quarter, Sepetiba Tecon handled 338,000 tonnes of steel products, in addition to 7,000 tonnes of general cargo and approximately 35,000 containers. Fourth-quarter **net revenue** came to R\$62 million, accompanied by **EBITDA** of R\$26 million and an **EBITDA margin** of 41%. In 2016, Sepetiba Tecon handled 804,000 tonnes of steel products, 24,000 tonnes of general cargo and 140,000 containers. In the full year, **net revenue** from port logistics totaled R\$208 million, while **EBITDA** came to R\$54 million, accompanied by an **EBITDA margin** of 26%.

Containers Volume (thousand units)	34	35	151	140	3%	(7%)
Steel Products Volume (thousand t)	127	338	926	804	166%	(13%)
General Cargo Volume (thousand t)	5	7	205	24	40%	(88%)

Cement

According to IBGE's Monthly Survey of Industry (PIM-PF), Brazil's cement production recorded year-on-year reduction of 14.5% in the last twelve months, in line with the civil construction segment's performance.

Preliminary figures from SNIC (the Cement Industry Association) indicate local cement sales of 57 million tonnes in 2016, 11.7% less than in the previous year. The SNIC expects cement sales to fall by between 5% and 7% over 2016.

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Results from CSN's Cement Operation

In 4Q16, **cement sales** amounted to 799,000 tonnes, 6% down on 3Q16, accompanied by **net revenue** of R\$128 million. **EBITDA** totaled R\$2 million, with an **EBITDA margin** of 2%. In 2016, CSN **sold** 2,814,000 tonnes of cement, 29% more than in 2015. In 2016, **net revenue** totaled R\$491 million, while **EBITDA** came to R\$22 million, with an **EBITDA margin** of 4%.

Total Production	860	801	2,262	2,846	(7%)	26%
Total Sales	850	799	2,182	2,814	(6%)	29%

Energy

According to the Energy Research Company (EPE), Brazilian electricity consumption recorded year-on-year reduction of 0.9% in 2016, to 460TWh. Consumption in the industrial and commercial segments fell by 2.9% and 2.5%, respectively, while the residential segment registered a 1.4% increase, due to the unfavorable economic environment, remaining below the average of the period between 2004 and 2015.

Results from CSN's Energy Operation

In 4Q16, **net revenue** from energy operations totaled R\$67 million, **EBITDA** stood at R\$17 million and the **EBITDA margin** was 25%. In 2016, **net revenue** reached R\$269 million, **EBITDA** totaled R\$65 million and the **EBITDA margin** was 24%.

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Restatement of the Financial Statements of December 31, 2015

The Company is restating its financial statements for the fiscal year ended December 31, 2015 due to a detailed revision of all aspects of the business combination held on November 30, 2015, in which the Company's mining activities were restructured and concentrated into one main company, CSN Mineração S.A. This revision occurred after the first resubmission, on November 14, 2016, of the financial statements for the 2015 fiscal year due to a change in interpretation of the allocation of gains to the controlling and non-controlling shareholders.

In addition to the review of the business combination transaction, the Company reviewed the studies that support the recognition and maintenance of long-lived assets and resubmitted the balances of deferred Income Tax and Social Contribution.

Due to the sale of Companhia Metalic do Nordeste in November 2016, CSN also decided to reclassify this subsidiary's result as discontinued operations for comparability purposes.

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We will also detail the items that led management to decide for the second restatement of the financial statements for the fiscal year ended December 31, 2015, which will be identified as follows.

1. Business Combination between CSN Mineração and NAMISA;
2. Expected realization of tax credits from income tax and social contributions;
3. Reclassification of the 2015 accounting balances for Companhia Metalic do Nordeste;

1. Business Combination

The Company is restating its financial statements for the fiscal year ended December 31, 2015 due to a detailed revision of all aspects of the business combination held on November 30, 2015, in which the Company's mining activities were restructured and concentrated into one main company, CSN Mineração S.A. This revision occurred after the first resubmission, on November 14, 2016, of the financial statements for the 2015 fiscal year due to a change in interpretation of the allocation of gains to the controlling and non-controlling shareholders.

In this review, the Company identified errors in the assumptions used to determine the fair values of the entities involved, Namisa and CSN Mineração, as well as in the accounting of the investment agreement clause signed in December 2014, which refers to Namisa's assets excluded from the transaction (Fernandinho, Cayman and Pedras Pretas - the spun-off assets). Under this clause, Fernandinho, Cayman and Pedras Pretas assets used in the valuation to determine the fair value of Namisa should have been transferred directly to another entity and not to CSN Mineração. They were incorrectly integrated into Namisa's main assets acquired by CSN Mineração, which were then subsequently transferred from CSN Mineração to Mineração Nacional S.A. Finally, the revision culminated in a change of interpretation in determining the gain or loss in the settlement of the pre-existing ratio between the acquiring and acquired companies as provided for in Technical Pronouncement CPC15/IFRS3.

On November 30, 2015, CSN Mineração incorporated Namisa and applied the CPC15/IFRS3 ruling on the accounting for the business combination by the acquisition method.

The legal implementation of the transaction occurred on November 30, 2015, in which new CSN Mineração shares were issued and paid by the Asian Consortium for its shares held by Namisa after the spin-off. Subsequent to the payment, CSN Mineração and CSN signed a shareholders' agreement granting

Namisa's unilateral control to CSN Mineração on the same date. With the disproportionate spin-off, the consortium's stake in Namisa was 40.24% and CSN's stake was 59.76% (prior to the split, the stakes were 40% and 60%, respectively). In this context, subsequently, Namisa post-split was merged into CSN Mineração, extinguishing the aforementioned shareholders' agreement.

The application of the acquisition method in the business combination, which resulted in net gains of R\$2.9 billion in the financial results for the period for CSN Mineração (acquirer) and CSN Parent and Consolidated, have been recalculated as R\$2.2 billion for CSN Mineração and R\$3.0 billion for CSN Parent and Consolidated after the review of the transaction, with the following breakdown::

	CSN Mineração (In R\$ Million)	
	As Published	Restated
Gain in the fair value remeasurement of the 60% ownership previously held	2.791	2.516
Gain (loss) in liquidation of the pre-existing relationship	622	(493)
Income Tax and Social Contribution	(528)	168
Net Gains	2.885	2.191

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	CSN Parent Company (In R\$ Million)	
	As Published	Restated
Equity Results	2.885	2.191
Gain in the Fair Value Remeasurement of the 60% ownership previously held in the excluded assets		1.274
Income Tax and Social Contribution		(433)
Net Gains	2.885	3.032

	CSN Parent Company (In R\$ Million)	
	As Published	Restated
Gain in the Fair Value Remeasurement of the 60% ownership previously held in the excluded assets ,	2.791	3.790
Gain (loss) in Liquidation of the Pre-Existing Relationship	622	(493)
Income Tax and Social Contribution	(528)	(265)
Net Gains	2.885	3.032

As a result of the reassessment of business combination aspects that led to the identification of assumption errors used in determining the fair value of Namisa, the Company identified that the purchase price considered for accounting purposes, previously as R\$13.4 billion, is now R\$17.5 billion, as illustrated in the table below:

On the other hand, in implementing the transaction, CSN recorded in its financial statements restated on November 14, 2016, a direct gain of R\$1.6 billion in shareholders' equity resulting from its variation in stake ownership, was adjusted to R\$2.9 billion, as illustrated below:

Events	R\$ (Million)	
	As Published	Restated
Asia Consortium's Contribution to CSN Mineração	2.619	4.034
CSN's Interest - 87,52% (1)	2.292	3.531
Aquisition by CSN of 4,16%	2.727	2.727
Financial Adjustment of working capital and debt (closing)		6
Assets transferred and liabilities assumed	2.727	