

NATIONAL STEEL CO  
Form 6-K  
February 28, 2014

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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, 2014**  
**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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**CSN POSTS RECORD NET REVENUE OF R\$17.3 BILLION IN 2013, WITH STEEL SALES OF MORE THAN 6.1 MILLION TONNES.**

**São Paulo, February 28, 2014.**

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the fourth quarter (4Q13) and the full year of 2013, 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. The comments herein refer to the Company's consolidated results and comparisons refer to the third quarter of 2013 (3Q13) and full year of 2012, unless otherwise stated. On December 31, 2013, the Real/US Dollar exchange rate was R\$2.343.

- Net revenue totaled a record R\$17.3 billion in 2013, 14% up on the previous year. Fourth-quarter net revenue increased by 6% over 3Q13 to R\$4.9 billion, another new record.
- Annual net revenue from steel operations totaled R\$12.4 billion in 2013, also a record, 15% up on 2012;
- Total annual steel sales amounted to 6.1 million tonnes, while domestic sales totaled 4.7 million tonnes, 5% and 3% up on 2012, respectively, and also new records;
- Fourth-quarter net revenue from mining operations came to R\$1.9 billion, 17% more than in the previous three months.
- Iron ore sales volume totaled 7.8 million tonnes in 4Q13, 2% higher than in 3Q13, while iron ore shipped through Tecar, in the Port of Itaguaí, reached a record 8.9 million tonnes, 8% up in the same period;
- Adjusted EBITDA amounted to R\$1.8 billion in 4Q13, 6% up on the R\$1.7 billion posted in 3Q13, primarily fueled by the mining segment;
- The consolidated EBITDA margin reached 32% in 4Q13, the highest quarterly figure since 4Q11;
- CSN and Namisa adhered to the Tax Settlement Program (REFIS), which impacted the consolidated result by R\$937 million. Excluding this effect, CSN would have recorded consolidated net income of R\$450 million in 4Q13;
- CSN closed the fourth quarter with cash and cash equivalents of R\$13.1 billion.

## Executive Summary

| Highlights                         | 3Q13          | 4Q13          | 2012          | 2013          | 4Q13 x 3Q13<br>(Change) | 2013 x 2012<br>(Change) |
|------------------------------------|---------------|---------------|---------------|---------------|-------------------------|-------------------------|
| Consolidated Net Revenue (R\$ MM)  | 4,661         | 4,949         | 15,229        | 17,312        | 6%                      | 14%                     |
| Consolidated Gross Profit (R\$ MM) | 1,402         | 1,657         | 3,970         | 4,890         | 18%                     | 23%                     |
| Adjusted EBITDA (R\$ MM)           | 1,652         | 1,756         | 4,532         | 5,404         | 6%                      | 19%                     |
| <b>Total Sales (thousand t)</b>    |               |               |               |               |                         |                         |
| <b>Steel</b>                       | <b>1,531</b>  | <b>1,448</b>  | <b>5,829</b>  | <b>6,117</b>  | <b>5%</b>               | <b>5%</b>               |
| Domestic Market                    | 77%           | 74%           | 77%           | 76%           | -3 p.p.                 | 1 p.p.                  |
| Overseas Subsidiaries              | 20%           | 23%           | 20%           | 21%           | 3 p.p.                  | 1 p.p.                  |
| Export                             | 3%            | 3%            | 3%            | 3%            | 0 p.p.                  | 0 p.p.                  |
| <b>Iron Ore</b>                    | <b>7,679</b>  | <b>7,807</b>  | <b>25,775</b> | <b>25,667</b> | <b>2%</b>               | <b>0%</b>               |
| Domestic Market                    | 1%            | 1%            | 2%            | 1%            | 0 p.p.                  | -1 p.p.                 |
| Export                             | 99%           | 99%           | 98%           | 99%           | 0 p.p.                  | 1 p.p.                  |
| <b>Adjusted Net Debt (R\$ MM)</b>  | <b>17,774</b> | <b>15,736</b> | <b>15,707</b> | <b>15,736</b> | <b>-11%</b>             | <b>0%</b>               |
| Adjusted Cash Position             | 14,368        | 13,057        | 14,445        | 13,057        | -9%                     | -10%                    |
| Net Debt / Adjusted EBITDA         | 3.65x         | 2.91x         | 3.47x         | 2.91x         | -0.74x                  | -0.56x                  |

### At the close of 2013

- BM&FBovespa (CSNA3): R\$14.38/share
- NYSE (SID): US\$6.20/ADR (1 ADR = 1 share)
- Total no. of shares = 1,457,970,108
- Market Cap: BM&FBovespa R\$21.0 billion - NYSE US\$9.0 billion

### Investor Relations Team

- **IR Executive Officer:** David Salama (11) 3049-7588
- **Manager:** Claudio Pontes - (11) 3049-7592
- **Specialist:** Ana Rayes - (11) 3049-7585
- **Specialist:** Fernando Schneider - (11) 3049-7526
- **Senior Analyst:** Leonardo Goes - (11) 3049-7593

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## **Economic Scenario**

The outlook for the global economy is one of an increase in the pace of growth, mainly due to the recovery of the developed nations, favored by the monetary stimuli. The IMF expects GDP growth of 3.7% this year and 3.9% in 2015, versus an estimated 3.0% in 2013.

Demand moved up in the advanced economies in the second half of 2013, while the improvement in activity in the emerging markets was mainly due to the recovery of exports. After reaching 55.5 points in October, its highest level for 32 months, the global Purchasing Managers Index (PMI) closed December at 54.0 points, giving 15 consecutive months of expansion.

### **USA**

The U.S. activity indicators disclosed at the end of 2013 were grounds for celebration. Preliminary figures from the Department of Commerce point to annualized GDP growth of 3.2% in 4Q13, fueled by the increase in household consumption, exports and investments. For the year as a whole, the estimate is 1.9%.

December's manufacturing PMI recorded 55.0 points, the highest level in the last 11 months, while industrial production moved up by 0.3%, giving annual growth of 3.7%. Installed capacity use closed the year at 79.2%, higher than the 77.8% recorded at the end of 2012, while unemployment fell from 7.9% to 6.7% in the same period.

With the agreement between the government and the opposition at the beginning of 2014, the Congressional impasse over the federal budget finally came to an end, avoiding any further suspensions of government business and the negative economic consequences.

Given the improved scenario, the FED announced a gradual reduction in the monetary stimuli as of January 2014, with low interest rates for a longer period due to uncertainties regarding the impact of the reduction in the stimuli on economic activity. As a result, the FED expects GDP growth of between 2.8% and 3.2% in 2014.

## Europe

The economic recovery in the Eurozone remained modest. Annualized GDP growth in 4Q13 inched up by 0.3% over the previous quarter, with Germany, France and Italy recording 0.4%, 0.3% and 0.1%, respectively. In the year as a whole, the region's GDP grew by 0.4% over 2012.

The Eurozone's compound PMI reached 52.1 points in December, the second-largest figure in the last two and a half years. Industry continued to lead the recovery, with a substantial upturn in the export segment, while services posted more modest growth, reflecting the fragility of certain economies where unemployment remained high. Greece recorded unemployment of 27.8% in November, the region's highest figure, followed by Spain, with 25.8% in December.

Given this scenario, the European Central Bank reduced interest rates to 0.25% p.a., their lowest ever level. The ECB estimates Eurozone growth of 1.1% in 2014 and 1.5% in 2015.

The UK economy has been recording growth in recent quarters. GDP moved up by 0.7% over the previous quarter in 4Q13 and by 1.9% in the year as a whole, pushed by services and construction. Industrial production also recorded an improvement, increasing by 1.8%. The manufacturing PMI averaged 57.2 points in the fourth quarter, the highest since 1Q11. The GDP growth consensus for 2014, reported by the UK Treasury, is 2.6%.

## Asia

Amid fears of a slowdown in activity, the Chinese economy maintained its growth pace in 2013, with GDP posting an expansion of 7.7%, identical to last year's figure and above the 7.5% target. The government incentives proved to be highly successful, with growth being driven mainly by investments in fixed assets, which increased by 17.6% in the year. December's manufacturing PMI stood at 50.5 points, expanding for the fifth consecutive month, while industrial production in the same month moved up 9.7% year-on-year. The IMF estimates Chinese GDP growth of 7.5% in 2014.

On the structural front, in 2013 the country initiated a series of reforms which may influence the course of the economy in the long term. The goals include the reorganization of the government structure, fiscal responsibility, reform of the financial sector and market competitiveness, among others.

In Japan, the measures to stimulate economic activity and combat inflation appear to be working and the country's economy is undergoing moderate expansion. The consumer price index recorded an upturn of 0.4% in 2013, the first in five years, while GDP increased by 1.6%, pushed by domestic demand. Given this scenario, the BoJ (Bank of Japan) maintained the so-called "Abenomics" program, which consists of monetary easing, with bond buybacks, maintaining the benchmark interest rate at between 0% and 0.1% p.a. The Monetary Policy Committee estimates Japanese GDP growth of 1.4% in 2014 and 1.5% in 2015.

## **Brazil**

Third-quarter GDP posted growth of 2.2% over the same period last year, primarily reflecting the 7.3% upturn in gross fixed capital formation. In the 12 months through September, year-on-year growth came to 2.4%. The Central Bank's FOCUS report expects GDP growth of 2.3% in 2013 and 1.67% in 2014.

Industrial production in December fell by 2.3% over December 2012, while annual output increased by 1.2%, led by vehicles, whose production grew by 9.9% according to ANFAVEA. Installed Capacity Use (NUCI), calculated by the FGV, reached 84.3% in December 2013, flat over the same month the year before.

Inflation measured by the IPCA (expanded consumer price index) stood at 5.91% in 2013, above the mid-point of the inflationary target defined by the Monetary Policy Committee (COPOM). As a result, the COPOM raised the Selic benchmark interest rate for the sixth consecutive time at its last meeting in 2013, so that it closed the year at 10.0%. Subsequently, in January 2014, the Committee introduced yet another hike, this time to 10.5% p.a. For 2014, mean projections are pointing to inflation of 5.98% and an end-of-year Selic of 11.25%.

According to the Monthly Employment Survey, published by the IBGE, unemployment closed 2013 at 4.3%, 0.3 p.p. down on November and its lowest ever figure. The annual average was 5.4%, slightly lower than the 2012 average.

In 2013, the real suffered a strong devaluation against the U.S. dollar, especially in the second half, due to the uncertainties associated with the normalization of U.S. monetary policy. The dollar closed the year at R\$2.34, 14.6% up in the year.

The trade balance narrowed from US\$19.4 billion in 2012 to US\$2.5 billion in December 2013, a decline of 86.8% and the worst result since 2000, while foreign reserves totaled US\$375.8 billion, US\$2.8 billion less than at the end of 2012. On the fiscal front, the 2013 primary surplus of R\$91.3 billion, equivalent to 1.9% of GDP, was the lowest since November 2002.

### Macroeconomic Projections

|                                 | 2014  | 2015  |
|---------------------------------|-------|-------|
| IPCA (%)                        | 5.98  | 5.70  |
| Commercial dollar (final) – R\$ | 2.50  | 2.55  |
| SELIC (final - %)               | 11.25 | 12.00 |
| GDP (%)                         | 1.67  | 2.00  |
| Industrial Production (%)       | 1.87  | 3.00  |

Source: FOCUS BACEN

Base: February 21, 2014

## **Adoption of IFRS 10/11**

As of January 1, 2013, the Company adopted IFRS 10 – Consolidated Financial Statements, corresponding to CPC 36 (R3) *-Demonstrações Financeiras Consolidadas*, approved by the CVM in December 2012, and IFRS 11 – Joint Arrangements, corresponding to CPC 19 (R2) - *Negócios em Conjunto*, approved by the CVM in November 2012. Given that the proportional consolidation method is no longer permitted, the Company has ceased to consolidate its jointly-owned subsidiaries, Namisa, MRS Logística and CBSI, and now recognizes them in accordance with the equity accounting method. The main impacts were on net revenue, cost of goods sold, gross profit, the financial result, the equity result and net income. For comparison purposes, the consolidated financial statements for 2012 were reclassified to reflect this alteration.

In addition, due to the partial spin-off of Transnordestina Logística S/A on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement, the Company ceased to consolidate Transnordestina Logística S/A and began recognizing it in accordance with the equity accounting method.

Net revenue totaled a record R\$17,312 million in 2013, 14% up on 2012, chiefly due to increased revenue from steel and mining operations.

Fourth-quarter net revenue came to R\$4,949 million, 6% more than in 3Q13 and also a new record, basically due to increased revenue from mining operations.

Annual COGS totaled R\$12,423 million in 2013, 10% up on 2012, chiefly due to higher steel sales volume and increased steel production costs.

Fourth-quarter COGS came to R\$3,292 million, in line with 3Q13.



Annual gross profit amounted to R\$4,890 million, 23% up on 2012, due to the factors mentioned above.

Fourth quarter gross profit came to R\$1,657 million, 18% higher than in 3Q13 thanks to the upturn in net revenue.

SG&A expenses totaled R\$1,360 million in 2013, 10% up on 2012, reflecting the Company's stronger sales efforts.

Fourth-quarter SG&A expenses totaled R\$355 million, 13% more than in 3Q13, chiefly due to the non-recurring effect from administrative provisions.

In 2013, Other Operating Revenue/Expenses amounted to R\$568 million, 79% down on the year before, particularly due to the non-recurring impact in 2012 of the reclassification of accrued losses from investments in financial instruments classified as available for sale.

In 4Q13, Other Operating Revenue/Expenses came to R\$196 million, 48% more than in 3Q13, basically due to the partial non-recurring effect of R\$130 million from the Company's adherence to the Income Tax Settlement Program (REFIS) on net income of the Company's foreign subsidiaries.

### **EMBITDA**

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue (expenses).

Adjusted EBITDA considers the Company's proportional interest in Namisa, MRS Logística and CBSI and is on a comparable basis with the amounts published in 2012.

Adjusted EBITDA totaled R\$5,404 million in 2013, 19% more than in 2012, fueled by the contribution from mining and steel operations. The adjusted EBITDA margin came to 28%, up by 1 p.p.

Fourth-quarter adjusted EBITDA came to R\$1,756 million, 6% up on the previous quarter, primarily due to the mining segment, accompanied by an adjusted EBITDA margin of 32%, 1 p.p. more than in 3Q13.

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### **Financial Result and Net Debt**

The 2013 net financial result was negative by R\$2,512 million, chiefly due to the following factors:

- Interest on loans and financing totaling R\$2,255 million;
- Expenses of R\$277 million in interest on debits related to Tax Settlement Program (REFIS);
- Expenses of R\$72 million with the monetary restatement of tax payment installments;
- Other financial expenses totaling R\$136 million.

These negative effects were partially offset by consolidated financial revenue of R\$172 million and monetary and foreign exchange variations of R\$56 million.

In 4Q13, CSN's consolidated net financial result was negative by R\$929 million, mainly the result of the following factors:

- Interest on loans and financing totaling R\$638 million
- Expenses of R\$277 million in interest on debits related to the Tax Settlement Program (REFIS);
- Expenses of R\$19 million with the monetary restatement of tax payment installments;
- Other financial expenses totaling R\$26 million.

These negative effects were partially offset by consolidated financial revenue of R\$15 million and monetary and foreign exchange variations of R\$16 million.

Gross debt, net debt and the net debt/EBITDA ratio presented below reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the impact from the above-mentioned partial spin-off of Transnordestina Logística S/A.

On December 31, 2013, consolidated net debt totaled R\$15.7 billion, a substantial R\$2.1 billion reduction over the R\$17.8 billion posted on September 30, 2013, chiefly due to the consolidation cease, by the end-of-December 2013, of Transnordestina Logística S/A's net debt, totaling R\$3.0 billion and 4Q13 adjusted EBITDA of R\$1.8 billion. The reduction was partially offset by the following factors:

- Payment of dividends and interest on equity totaling R\$0.5 billion;
- Investments of R\$0.9 billion in fixed assets;
- A R\$0.6 billion effect related to the cost of debt;
- A R\$0.2 billion effect from adherence to the Tax Settlement Program (REFIS);
- A R\$0.1 billion increase in working capital.
- Other Effects of R\$0.4 billion.

The net debt/EBITDA ratio based on LTM adjusted EBITDA closed the fourth quarter at 2.91x, 0.74x down on the ratio recorded at the end of the previous quarter.

## Equity Result

The consolidated equity result totaled R\$158 million in 2013, basically due to the positive result of the jointly-controlled subsidiary Namisa.

In the fourth quarter, the equity result was a loss of R\$350 million, primarily due to the participation of the jointly-controlled subsidiary Namisa in the REFIS program, which had an impact of R\$534 million proportional to our interest in this subsidiary.

CSN posted consolidated net income of R\$534 million in 2013, R\$1.0 billion more than in 2012, due to the upturn in gross profit and the non-recurring effects mentioned above.

In the fourth quarter, the Company recorded a net loss of R\$487 million, primarily due to the decision to participate in the REFIS program, which generated an impact of R\$403 million on CSN's net results, and the negative equity pick-up. Excluding the REFIS effect, the Company would have posted 4Q13 net income of R\$450 million.

Investments reflect the Company's proportional interest in Namisa, MRS Logística and CBSI and are on a comparable basis with the amounts published in 2012.

CSN invested R\$2,827 million in 2013, R\$1,659 million of which in the parent company, allocated as follows:

- ü Casa de Pedra mine and Port of Itaguaí: R\$638 million;
- ü Long steel: R\$351 million;
- ü Expansion of cement production capacity: R\$239 million.

The remaining R\$1,168 million went to subsidiaries or joint subsidiaries, mostly in the following projects:

- ü Transnordestina: R\$667 million;
- ü MRS: R\$247 million;
- ü Container terminal - Tecon: R\$115 million;
- ü Namisa: R\$40 million.

CSN invested R\$874 million in 4Q13, R\$610 million of which in the parent company, as follows:

- ü Casa de Pedra mine and Port of Itaguaí: R\$222 million;
- ü Expansion of cement production capacity: R\$216 million;
- ü Long steel: R\$36 million.

The remaining R\$264 million went to subsidiaries or joint subsidiaries, mostly in the following projects:

- ü Transnordestina: R\$118 million;
- ü MRS: R\$72 million;
- ü Container terminal - Tecon: R\$39 million;
- ü Namisa: R\$13 million.

The Company ceased to consolidate its investment in Transnordestina Logística S/A, due to the partial spin-off on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement.

Working capital allocated to the Company's businesses closed 2013 at R\$2,535 million, R\$80 million up on the R\$2,455 million recorded in September 2013, chiefly due to the reduction in the suppliers line. The average supplier payment period narrowed by five days, offset by the reduction of three days in the inventory turnover period and two days in the average receivables period.

Compared to the close of 2012, working capital increased by R\$886 million, chiefly due to the decrease in the suppliers line. In this period, the average supplier payment period, the average inventory turnover period and the average receivables period narrowed by thirty-six, fourteen and two days, respectively.

| <b>WORKING CAPITAL (R\$ MM)</b>         | <b>4Q12</b>  | <b>3Q13</b>  | <b>4Q13</b>  | <b>Change</b>      | <b>Change</b>      |
|---|--------------|--------------|--------------|--------------------|--------------------|
|   |              |              |              | <b>4Q13 x 3Q13</b> | <b>4Q13 x 4Q12</b> |
| <b>Assets</b>                           | <b>4,040</b> | <b>4,007</b> | <b>3,951</b> | <b>(56)</b>        | <b>(89)</b>        |
| <b>Accounts Receivable</b>              | <b>1,646</b> | <b>1,740</b> | <b>1,734</b> | <b>(6)</b>         | <b>88</b>          |
| <b>Inventory (*)</b>                    | <b>2,388</b> | <b>2,229</b> | <b>2,163</b> | <b>(66)</b>        | <b>(225)</b>       |
| <b>Advances to Taxes</b>                | <b>6</b>     | <b>39</b>    | <b>54</b>    | <b>15</b>          | <b>48</b>          |
| <b>Liabilities</b>                      | <b>2,392</b> | <b>1,553</b> | <b>1,415</b> | <b>(138)</b>       | <b>(977)</b>       |
| <b>Suppliers</b>                        | <b>1,892</b> | <b>1,020</b> | <b>881</b>   | <b>(139)</b>       | <b>(1,011)</b>     |
| <b>Salaries and Social Contribution</b> | <b>185</b>   | <b>240</b>   | <b>209</b>   | <b>(31)</b>        | <b>24</b>          |
| <b>Taxes Payable</b>                    | <b>273</b>   | <b>263</b>   | <b>297</b>   | <b>34</b>          | <b>24</b>          |
| <b>Advances from Clients</b>            | <b>41</b>    | <b>29</b>    | <b>28</b>    | <b>(1)</b>         | <b>(13)</b>        |
| <b>Working Capital</b>                  | <b>1,649</b> | <b>2,455</b> | <b>2,535</b> | <b>80</b>          | <b>886</b>         |

  

| <b>TURNOVER RATIO</b>        | <b>4Q12</b> | <b>3Q13</b> | <b>4Q13</b> | <b>Change</b>      | <b>Change</b>      |
|------------------------------|-------------|-------------|-------------|--------------------|--------------------|
|                              |             |             |             | <b>4Q13 x 3Q13</b> | <b>4Q13 x 4Q12</b> |
| <b>Receivables</b>           | <b>32</b>   | <b>32</b>   | <b>30</b>   | <b>(2)</b>         | <b>(2)</b>         |
| <b>Supplier Payment</b>      | <b>62</b>   | <b>31</b>   | <b>26</b>   | <b>(5)</b>         | <b>(36)</b>        |
| <b>Inventory Turnover</b>    | <b>78</b>   | <b>67</b>   | <b>64</b>   | <b>(3)</b>         | <b>(14)</b>        |
| <b>Cash Conversion Cycle</b> | <b>48</b>   | <b>68</b>   | <b>68</b>   | <b>-</b>           | <b>20</b>          |

(\*) Inventory - includes "Advances to Suppliers" and does not include "Supplies".

## 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:



The information on CSN's five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments.

Results by segment reflect the Company's proportional interest in Namisa, MRS Logística and CBSI and are on a comparable basis with the amounts published in 2012.

Due to the partial spin-off of Transnordestina Logística S/A on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement, the Company ceased to consolidate Transnordestina Logística S/A and began recognizing it in accordance with the equity accounting method.

**Results by Segment**

| R\$ million   |               |              |                     |                         |            |     |
|---|---------------|--------------|---------------------|-------------------------|------------|-----|
| Consolidated Results                                | Steel         | Mining       | Logistics<br>(Port) | Logistics<br>(Railways) | Energy     | Cem |
| <b>Net Revenue</b>                                  | <b>12,393</b> | <b>5,297</b> | <b>195</b>          | <b>1,074</b>            | <b>212</b> |     |
| Domestic Market                                     | 9,696         | 680          | 195                 | 1,074                   | 212        |     |
| Foreign Market                                      | 2,697         | 4,617        |                     |                         |            |     |
| Cost of Goods Sold                                  | (9,962)       | (2,829)      | (97)                | (708)                   | (161)      |     |
| <b>Gross Profit</b>                                 | <b>2,431</b>  | <b>2,468</b> | <b>97</b>           | <b>366</b>              | <b>50</b>  |     |
| Selling, General and Administrative Expenses        | (739)         | (69)         | (23)                | (100)                   | (20)       |     |
| Depreciation  | 761           | 220          | 7                   | 141                     | 17         |     |
| Proportional EBITDA of Jointly Controlled Companies |               |              |                     |                         |            |     |
| <b>Adjusted EBITDA</b>                              | <b>2,454</b>  | <b>2,618</b> | <b>82</b>           | <b>406</b>              | <b>47</b>  |     |

| R\$ million   |               |              |                     |                         |            |     |
|---|---------------|--------------|---------------------|-------------------------|------------|-----|
| Consolidated Results                                | Steel         | Mining       | Logistics<br>(Port) | Logistics<br>(Railways) | Energy     | Cem |
| <b>Net Revenue</b>                                  | <b>10,802</b> | <b>4,486</b> | <b>152</b>          | <b>1,067</b>            | <b>229</b> |     |
| Domestic Market                                     | 8,478         | 713          | 152                 | 1,067                   | 229        |     |
| Foreign Market                                      | 2,324         | 3,772        |                     |                         |            |     |
| Cost of Goods Sold                                  | (8,868)       | (2,450)      | (83)                | (730)                   | (153)      |     |
| <b>Gross Profit</b>                                 | <b>1,934</b>  | <b>2,036</b> | <b>69</b>           | <b>337</b>              | <b>76</b>  |     |
| Selling, General and Administrative Expenses        | (617)         | (59)         | (20)                | (95)                    | (22)       |     |
| Depreciation  | 751           | 190          | 7                   | 139                     | 17         |     |
| Proportional EBITDA of Jointly Controlled Companies |               |              |                     |                         |            |     |
| <b>Adjusted EBITDA</b>                              | <b>2,068</b>  | <b>2,166</b> | <b>55</b>           | <b>381</b>              | <b>71</b>  |     |

**Scenario**

According to the World Steel Association (WSA) global crude steel production totaled 1.6 billion tonnes in 2013, 3.5% higher than in 2012, with China, responsible for 779 million tonnes, recording growth of 7.5%. Existing global capacity use moved up by 1.9% over the year before to 78.1%.

The WSA expects global apparent steel consumption to grow by 3.3% in 2014, with apparent consumption in China moving up by 6%.

According to the Brazilian Steel Institute (IABr), domestic crude steel production came to 34.2 million tonnes in 2013, 1% less than in 2012, while rolled flat output totaled 26.3 million tonnes, up by 2%.

Apparent domestic steel product consumption came to 26.2 million tonnes, 4% more than in 2012, while domestic sales moved up by 5% to 22.8 million tonnes. Imports came to 3.7 million tonnes, down by 2%, while exports dropped by 17% to 8.1 million tonnes.

The IABr estimates domestic sales of 23.7 million tonnes in 2014, with apparent consumption of 27.2 million tonnes.

**Automotive**

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 3.74 million units in 2013, 9.9% up on 2012 and a new annual record. Fourth-quarter output totaled 850,000 units, 15% down on the previous three months.

On the other hand, annual sales of 3.77 million units recorded their first reduction in ten years, edging down by 0.9% over 2012, while exports jumped by 27% to 563,000 units, also a new record.

At the close of 2013, the federal government decided to gradually reimpose IPI tax (federal VAT) on vehicles between January and July 2014.

ANFAVEA expects vehicle production growth of 0.7% in 2014, while FENABRAVE (the Vehicle Distributors' Association) believes sales will remain flat over 2013.

## **Construction**

According to ABRAMAT (the Construction Material Manufacturers' Association), domestic sales of building materials in 2013 increased by 3% over 2012 and the association expects further growth of 4.5% in 2014.

According to Sinduscon (the São Paulo State Builders' Association), production of building materials should grow by 2.6% in 2013 and 3.6% in 2014.

SECOVI (the Residential Builders' Association) recorded 58,000 real estate launches in the São Paulo metropolitan region in 2013, 3% up on 2012.

## **Home Appliances**

According to the IBGE, home appliance sales in 2013 through November 2013 fell by 3.57% over the same period in 2012.

## **Distribution**

According to INDA (the Brazilian Steel Distributors' Association), domestic flat steel sales by distributors totaled 1.2 million tonnes in 4Q13, 7.3% more than in 3Q13, and 4.5 million tonnes in 2013, 4.3% up on 2012. In 2014, the association estimates that flat steel sales by distributors will grow by 4%.

In 4Q13, purchases by the associated network came to 1.1 million tonnes, 1.1% more than in 3Q13. Inventories closed the quarter at 1.0 million tonnes, 6.6% down on the previous quarter, representing three months of sales.

## **Sales Volume**

CSN sold a record 6.1 million tonnes of steel in 2013, 5% up on the year before. Of this total, 76% went to the domestic market, 21% were sold by overseas subsidiaries and 3% went to direct exports.

Fourth-quarter steel sales totaled 1.4 million tonnes, 5% less than in 3Q13, due to sales seasonality. Of this total, 74% went to the domestic market, 23% were sold by overseas subsidiaries and 3% went to direct exports.

### **Domestic Sales Volume**

Domestic steel sales totaled 4.7 million tonnes in 2013, 3% up on 2012 and a new record.

Fourth-quarter domestic sales came to 1.1 million tonnes, 9% less than in 3Q13, due to sales seasonality.

### **Foreign Sales Volume**

Foreign steel sales amounted to 1.5 million tonnes in 2013, 10% more than in 2012. Of this total, the overseas subsidiaries sold 1.29 million tonnes, 755 thousand tonnes of which by SWT, 270 thousand tonnes by Lusosider and 269 thousand tonnes by CSN LLC. Direct exports came to 173 thousand tonnes.

Fourth-quarter foreign sales totaled 381 thousand tonnes, 8% up on 3Q13. Of this total, the overseas subsidiaries sold 330 thousand tonnes, 194 thousand tonnes of which by SWT, 70 thousand tonnes by Lusosider and 66 thousand tonnes by CSN LLC. Direct exports stood at 51 thousand tonnes.

### **Prices**

Net revenue per tonne averaged R\$1,983 in 2013, 9% higher than in 2012, and R\$2,089 in 4Q13, 2% more than in 3Q13.

### **Net Revenue**

In 2013, net revenue from steel operations reached the record figure of R\$12,393 million, 15% more than the year before, due to the upturn in sales volume and higher prices.

Net revenue from steel operations totaled R\$3,101 million in 4Q13, 3% down on 3Q13, essentially due to the reduction in sales volume.

### **Cost of Goods Sold (COGS)**

Steel COGS totaled R\$9,962 million in 2013, 12% up on 2012, chiefly due to higher sales volume and the upturn in production costs.

COGS reached R\$2,447 million in 4Q13, 3% down on 3Q13, basically due to the decline in sales volume.

### **Adjusted EBITDA**

In 2013, adjusted EBITDA from steel operations totaled R\$2,454 million, 19% up on 2012, due to increased sales volume and higher prices, which pushed up the adjusted EBITDA margin by 1 p.p. to 20%.

Adjusted EBITDA from steel segment totaled R\$635 million in 4Q13, 5% down on 3Q13, essentially due to the reduction in sales volume. The fourth-quarter adjusted EBITDA margin came to 21%, in line with the previous three months.

### **Production**

The Presidente Vargas Steelworks (UPV) produced 4.5 million tonnes of crude steel in 2013, 8% less than in 2012, while consumption of slabs purchased from third parties totaled 613,000 tonnes. Production of rolled steel came to 4.6 million tonnes, 2% down on the year before.

In 4Q13, the Presidente Vargas Steelworks (UPV) produced 1.1 million tonnes of crude steel, 6% down on the previous quarter, while consumption of slab purchased from third parties came to 179,000 tonnes. Rolled steel output totaled 1.1 million tonnes, 1% less than in 3Q13.

| Production (in thousand t)                | 3Q13         | 4Q13         | Year         |              | Change         |                |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
|   |              |              | 2012         | 2013         | 3Q13 x<br>4Q13 | 2012 x<br>2013 |
| <b>Crude Steel (P. Vargas Mill)</b>       | 1,161        | 1,093        | 4,847        | 4,457        | -6%            | -8%            |
| <b>Purchased Slabs from Third Parties</b> | 152          | 179          | 137          | 613          | 18%            | 347%           |
| <b>Total Crude Steel</b>                  | <b>1,313</b> | <b>1,271</b> | <b>4,984</b> | <b>5,070</b> | <b>-3%</b>     | <b>2%</b>      |
| <b>Total Rolled Products</b>              | <b>1,152</b> | <b>1,141</b> | <b>4,704</b> | <b>4,587</b> | <b>-1%</b>     | <b>-2%</b>     |

CSN concluded the construction of the long steel plant in Volta Redonda, with an annual production capacity of 500,000 tonnes.

### **Production Costs (Parent Company)**

In 2013, the Presidente Vargas Steelworks' total production costs came to R\$6,962 million, R\$435 million more than in 2012, R\$364 million of which from raw materials and R\$71 million from other manufacturing costs.

In the fourth quarter, the Presidente Vargas Steelworks' total production costs came R\$1,782 million, in line with the 3Q13 figure.



In 2013, the seaborne iron ore market was positively impacted by the strong upturn in Chinese steel production. The Chinese government's measures to restore liquidity and stimulate infrastructure helped push up demand for steel throughout the second half. Annual iron ore imports increased by 11% over 2012, reaching 798 million tonnes. As a result, the seaborne iron ore market grew by 8% to 1.2 billion tonnes, a new record.

The Platts Fe62% CFR China index averaged US\$135.19/dmt in 2013, 4% up on the previous year's average.

Brazil, the world's second biggest iron ore exporter, exported 330 million tonnes in 2013, 1% more than in 2012.

In the fourth quarter, the increase in Chinese steel prices, together with reduced iron ore stocks and expectations of a seasonal decline in supply, had a positive impact on iron ore prices. The Platts Fe62% CFR China index averaged US\$134.60/dmt, 2% up on the 3Q13 average. The iron ore quality premium varied between US\$2.30 and US\$2.40/dmt per 1% of Fe content, while freight costs on the Tubarão/Qingdao route averaged US\$25.01/wmt, 7.4% higher than in 3Q13.

### **Iron ore sales**

In 2013, sales of finished iron ore products totaled 25.7 million tonnes<sup>1</sup>, in line with the 2012 figure, 10.3 million tonnes of which sold by Namisa. Virtually all iron ore sold in 2013 was exported.

In 4Q13, iron ore sales amounted to 7.8 million tonnes<sup>1</sup>, 2% up on 3Q13. Of this total, 2.3 million tonnes were sold by Namisa<sup>1</sup>.

Iron ore volume for own consumption reached 5.7 million tonnes in 2013 and 1.4 million tonnes in 4Q13.

Iron ore shipped through Tecar came to 28.9 million tonnes in 2013, 7% up on the year before. In 4Q13, iron ore shipped through Tecar totaled 8.9 million tonnes, 8% more than in 3Q13 and a new record.

<sup>1</sup> Sales volumes include 100% of the stake in NAMISA.

### **Net Revenue**

Net revenue from mining operations came to R\$5,297 million in 2013, 18% up on 2012 due to higher prices.

In the fourth quarter, net revenue from mining operations reached the record level of R\$1.9 billion, 17% up on 3Q13, basically due to the upturn in sales volume and the gain on business interruption insurance claims received in 2013 regarding a claim related to Tecar's iron ore reclaimer and conveyor belts.

### **Cost of Goods Sold (COGS)**

COGS totaled R\$2,829 million in 2013, 15% up on 2012, chiefly fueled by the product mix.

Mining COGS came to R\$946 million in 4Q13, 14% up on 3Q13.

### **Adjusted EBITDA**

Annual adjusted EBITDA from mining operations totaled R\$2,618 million, 21% up on the previous year, due to the factors mentioned above. The adjusted EBITDA margin came to 49%, 1.1 p.p. up year-on-year.

Adjusted EBITDA from mining operations amounted to R\$1,022 million in 4Q13, 17% more than in the previous quarter, for the reasons mentioned above. The adjusted EBITDA margin came to 53%, in line with 3Q13.

## **Scenario**

### **Railway Logistics**

According to the ANTF (National Rail Transport Association), the Brazilian railways transported 341 million tonnes of cargo in the first nine months of 2013, and the association estimates figures of 491 and 525 million tonnes for 2013 and 2014, respectively.

### **Port Logistics**

According to ANTAQ (National Waterway Transport Agency), Brazil's port installations handled around 246 million tonnes gross in 3Q13, 6% up on the previous three months, giving a nine-month total of 682 million tonnes, 2% more than in 9M12.

Bulk solids totaled 156 million tonnes, 8% more than in 2Q13, giving 420 million tonnes in 9M13, a 2% year-on-year improvement.

Container handling came to 2.3 million TEUs<sup>1</sup> in 3Q13, 4% higher than the previous quarter, giving a nine-month total of 6.4 million TEUs<sup>1</sup>, 5% more than in the same period the year before.

<sup>1</sup> TEU (Twenty-Foot Equivalent Unit) – transportation unit equivalent to a standard 20-foot intermodal container

## **Analysis of Results**

### **Railway Logistics**

Net revenue from railway logistics totaled R\$1,074 million in 2013, COGS stood at R\$708 million and adjusted EBITDA amounted to R\$406 million, with an adjusted EBITDA margin of 38%.

In 4Q13, net revenue came to R\$298 million, COGS stood at R\$183 million and adjusted

EBITDA totaled R\$126 million, with a margin of 42%.

### **Port Logistics**

In 2013 net revenue from port logistics amounted to R\$195 million, 29% up on the previous year and a new record, essentially due to the 19% upturn in the number of containers handled, which reached 257,000 units, also a new record. COGS totaled R\$97 million and adjusted EBITDA came to R\$82 million, with an adjusted EBITDA margin of 42%.

In 4Q13, net revenue from port logistics totaled R\$62 million, COGS stood at R\$31 million and adjusted EBITDA reached R\$25 million, with a margin of 40%.

### **Scenario**

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 70.0 million tonnes in 2013, 2% up on the year before.

### **Analysis of Results**

Revenue from cement sales totaled R\$416 million in 2013, 7% up on 2012 and a new record, while sales volume increased by 4% to 2.0 million tonnes and COGS came to R\$277 million. Adjusted EBITDA amounted to R\$101 million, with an adjusted EBITDA margin of 24%, also Company records.

In 4Q13, cement sales came to 541,000 tonnes, generating net revenue of R\$108 million, and COGS amounted to R\$69 million. Adjusted EBITDA totaled R\$30 million, with a margin of 28%, both Company records.



**Scenario**

According to the Energy Research Company (EPE), Brazilian electricity consumption increased by 3.5% in 2013, led by the residential and commercial segments, with respective growth of 6.1% and 5.7%.

**Analysis of Results**

In 2013, net revenue from the energy segment amounted to R\$212 million, COGS totaled R\$161 million and adjusted EBITDA reached R\$47.0 million, with an adjusted EBITDA margin of 22%.

In the fourth quarter, net revenue came to R\$57 million, COGS totaled R\$43 million and adjusted EBITDA was R\$13 million, with a margin of 23%.

CSN's shares appreciated by 56% in 4Q13 and 34% in 2013, while the IBOVESPA fell by 2% and 15%, respectively, in the same periods. In 2013, the appreciation of CSN's shares was the seventh highest among those stocks listed in the Ibovespa portfolio. Daily traded volume in CSN's shares averaged R\$74.6 million in 4Q13 and R\$64.0 million in 2013.

On the NYSE, CSN's ADRs appreciated by 49% in 4Q13 and 18% in 2013, while the Dow Jones gained 10% and 26%, respectively, in the same periods. Daily traded volume in CSN's ADRs averaged US\$36.3 million in 4Q13 and US\$27.4 million in 2013.

| <b>Capital Markets - CSNA3 / SID / IBOVESPA / DOW JONES</b> |                      |                      |
|---|----------------------|----------------------|
|   | <b>4Q13</b>          | <b>2013</b>          |
| <b>N# of shares</b>   | <b>1,457,970,108</b> | <b>1,457,970,108</b> |
| <b>Market Capitalization</b>                                |                      |                      |
| Closing price (R\$/share)                                   | 14.38                | 14.38                |
| Closing price (US\$/share)                                  | 6.20                 | 6.20                 |

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|  |        |        |
|--|--------|--------|
| Market Capitalization (R\$ million)                            | 20,966 | 20,966 |
| Market Capitalization (US\$ million)                           | 9,039  | 9,039  |
| <b>Total return including dividends and interest on equity</b> |        |        |
| CSNA3 (%)  | 56%    | 34%    |
| SID (%)  | 49%    | 18%    |
| Ibovespa   | -2%    | -15%   |
| Dow Jones  | 10%    | 26%    |
| <b>Volume</b>  |        |        |
| Average daily (thousand shares)                                | 6,235  | 7,033  |
| Average daily (R\$ Thousand)                                   | 74,585 | 64,070 |
| Average daily (thousand ADRs)                                  | 6,776  | 6,218  |
| Average daily (US\$ Thousand)                                  | 36,352 | 27,396 |

Source: *Economática*

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

**Friday, February 28, 2014**

11:00 a.m. – Brasília time

09:00 a.m. – US ET

Phone: +1 (516) 300-1066

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Conference ID: CSN

Webcast: [www.csn.com.br/ri](http://www.csn.com.br/ri)

CSN is a highly integrated company, with steel, mining, cement, logistics and energy businesses. The Company operates throughout the entire steel production chain, from the mining of iron ore to the production and sale of a diversified range of high value-added steel products, including coated and galvanized, as well as tin plate. Thanks to its integrated production system and exemplary management, CSN's production costs are among the lowest in the global steel sector. CSN recorded consolidated net revenue of R\$17.3 billion in 2013.

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue (expenses). Despite being an indicator used to measure the segments' results, EBITDA is not a measure recognized by the Brazilian accounting practices or IFRS, with no standard definition and therefore cannot be used as comparison basis with similar indicators adopted by other companies.

Net debt as presented is used by CSN to measure the Company's financial performance. However, net debt is not recognized as a measurement of financial performance according to the accounting practices adopted in Brazil, nor should it be considered in isolation, or as an indicator of liquidity.

**Certain of the statements contained herein are forward-looking statements, which express or imply results, performance or events that are expected in the future. These include future results that may be implied by historical results and the statements under 'Outlook'. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a**



result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

**INCOME STATEMENT**  
**COSOLIDATED - Corporate Law (In thousand of reais)**

|   | 4Q12               | 3Q13               | 4Q13               |                     |                     |
|---|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Net Revenues</b>                                       | <b>4,443,723</b>   | <b>4,661,416</b>   | <b>4,948,831</b>   | <b>15,228,589</b>   | <b>17,312,432</b>   |
| <b>Domestic Market</b>                                    | 2,856,225          | 2,834,069          | 3,038,173          | 10,458,813          | 11,247,075          |
| <b>Foreign Market</b>                                     | 1,587,498          | 1,827,347          | 1,910,658          | 4,769,776           | 6,065,357           |
| <b>Cost of Goods Sold (COGS)</b>                          | <b>(3,314,887)</b> | <b>(3,259,211)</b> | <b>(3,291,696)</b> | <b>(11,258,667)</b> | <b>(12,422,706)</b> |
| <b>COGS, excluding depreciation</b>                       | (3,018,181)        | (2,993,362)        | (3,027,795)        | (10,195,717)        | (11,354,550)        |
| <b>Depreciation allocated to COGS</b>                     | (296,706)          | (265,849)          | (263,901)          | (1,062,950)         | (1,068,156)         |
| <b>Gross Profit</b>                                       | <b>1,128,836</b>   | <b>1,402,205</b>   | <b>1,657,135</b>   | <b>3,969,922</b>    | <b>4,889,726</b>    |
| <b>Gross Margin (%)</b>                                   | 25%                | 30%                | 33%                | 26%                 | 28%                 |
| <b>Selling Expenses</b>                                   | (288,656)          | (206,758)          | (206,420)          | (765,447)           | (866,627)           |
| <b>General and Administrative Expenses</b>                | (100,659)          | (101,568)          | (141,012)          | (453,178)           | (467,664)           |
| <b>Depreciation allocated to SG&amp;A</b>                 | (5,759)            | (6,327)            | (7,209)            | (22,783)            | (25,674)            |
| <b>Other operation income (expense), net</b>              | (144,926)          | (132,558)          | (196,042)          | (2,651,381)         | (568,145)           |
| <b>Equity Result</b>                                      | 97,853             | 208,458            | (349,600)          | 641,436             | 158,138             |
| <b>Operational Income before Financial Results</b>        | <b>686,689</b>     | <b>1,163,452</b>   | <b>756,852</b>     | <b>718,569</b>      | <b>3,119,754</b>    |
| <b>Net Financial Results</b>                              | (541,580)          | (597,118)          | (929,379)          | (2,151,351)         | (2,511,599)         |
| <b>Income before social contribution and income taxes</b> | <b>145,109</b>     | <b>566,334</b>     | <b>(172,527)</b>   | <b>(1,432,782)</b>  | <b>608,155</b>      |
| <b>Income Tax and Social Contribution</b>                 | 171,028            | (63,446)           | (314,569)          | 952,208             | (74,161)            |
| <b>Net Income</b>   | <b>316,137</b>     | <b>502,888</b>     | <b>(487,096)</b>   | <b>(480,574)</b>    | <b>533,994</b>      |

**INCOME STATEMENT**  
**PARENT COMPANY - Corporate Law (In thousand of R\$)**

|   | 4Q12               | 3Q13               | 4Q13               | 2012               | 2013               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Net Revenues</b>                                       | <b>2,900,511</b>   | <b>3,730,830</b>   | <b>4,057,303</b>   | <b>10,640,617</b>  | <b>13,929,433</b>  |
| <b>Domestic Market</b>                                    | 2,644,995          | 2,607,467          | 2,813,220          | 9,644,187          | 10,397,640         |
| <b>Foreign Market</b>                                     | 255,516            | 1,123,363          | 1,244,083          | 996,430            | 3,531,793          |
| <b>Cost of Goods Sold (COGS)</b>                          | <b>(2,049,827)</b> | <b>(2,626,539)</b> | <b>(2,658,095)</b> | <b>(8,039,597)</b> | <b>(9,906,380)</b> |
| <b>COGS, excluding depreciation</b>                       | (1,818,824)        | (2,405,433)        | (2,444,525)        | (7,147,092)        | (9,026,396)        |
| <b>Depreciation allocated to COGS</b>                     | (231,003)          | (221,106)          | (213,570)          | (892,505)          | (879,984)          |
| <b>Gross Profit</b>                                       | <b>850,684</b>     | <b>1,104,291</b>   | <b>1,399,208</b>   | <b>2,601,020</b>   | <b>4,023,053</b>   |
| <b>Gross Margin (%)</b>                                   | 29%                | 30%                | 34%                | 24%                | 29%                |
| <b>Selling Expenses</b>                                   | (85,719)           | (125,159)          | (135,797)          | (314,510)          | (497,129)          |
| <b>General and Administrative Expenses</b>                | (81,951)           | (70,519)           | (98,569)           | (324,185)          | (328,157)          |
| <b>Depreciation allocated to SG&amp;A</b>                 | (3,585)            | (3,864)            | (4,337)            | (14,452)           | (15,576)           |
| <b>Other operation income (expense), net</b>              | (84,206)           | (142,994)          | 331,002            | (1,688,194)        | (29,468)           |
| <b>Equity Result</b>                                      | 482,795            | 397,067            | 162,947            | 1,331,593          | 1,502,450          |
| <b>Operational Income before Financial Results</b>        | <b>1,078,018</b>   | <b>1,158,822</b>   | <b>1,654,454</b>   | <b>1,591,272</b>   | <b>4,655,173</b>   |
| <b>Net Financial Results</b>                              | (695,735)          | (724,391)          | (1,434,010)        | (3,033,404)        | (3,938,379)        |
| <b>Income before social contribution and income taxes</b> | <b>382,283</b>     | <b>434,431</b>     | <b>220,444</b>     | <b>(1,442,132)</b> | <b>716,794</b>     |
| <b>Income Tax and Social Contribution</b>                 | (50,444)           | 65,251             | (732,896)          | 1,022,019          | (207,769)          |
| <b>Net Income</b>   | <b>331,839</b>     | <b>499,682</b>     | <b>(512,452)</b>   | <b>(420,113)</b>   | <b>509,025</b>     |

**BALANCE SHEET**  
**Corporate Law - In Thousand of R\$**

|   | Consolidated      |                   | Parent Company    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2012              | 2013              | 2012              | 2013              |
| <b>Current Assets</b>                                     | <b>19,098,586</b> | <b>16,402,042</b> | <b>8,386,446</b>  | <b>5,054,174</b>  |
| Cash and Cash Equivalents                                 | 11,891,821        | 9,995,672         | 2,995,757         | 206,624           |
| Trade Accounts Receivable                                 | 2,661,417         | 2,522,465         | 2,032,431         | 1,992,704         |
| Inventory   | 3,393,193         | 3,160,985         | 2,704,302         | 2,459,230         |
| Other Current Assets                                      | 1,152,155         | 722,920           | 653,956           | 395,616           |
| <b>Non-Current Assets</b>                                 | <b>34,184,683</b> | <b>34,000,497</b> | <b>38,539,088</b> | <b>43,635,002</b> |
| Long-Term Assets  | 3,920,971         | 4,636,608         | 3,526,732         | 4,134,846         |
| Investments   | 10,839,787        | 13,487,023        | 23,356,506        | 27,005,592        |
| Property, Plant and Equipment                             | 18,519,064        | 14,911,426        | 11,636,182        | 12,418,095        |
| Intangible  | 904,861           | 965,440           | 19,668            | 76,469            |
| <b>TOTAL ASSETS</b>                                       | <b>53,283,269</b> | <b>50,402,539</b> | <b>46,925,534</b> | <b>48,689,176</b> |
| <b>Current Liabilities</b>                                | <b>6,550,899</b>  | <b>5,564,230</b>  | <b>5,700,760</b>  | <b>6,503,789</b>  |
| Payroll and Related Taxes                                 | 184,963           | 208,921           | 130,014           | 159,892           |
| Suppliers   | 2,025,461         | 1,102,037         | 1,193,726         | 926,935           |
| Taxes Payable   | 272,766           | 304,095           | 118,365           | 150,066           |
| Loans and Financing                                       | 2,169,122         | 2,642,807         | 2,621,503         | 3,854,694         |
| Others  | 1,582,040         | 972,851           | 1,383,179         | 1,138,956         |
| Provision for Tax, Social Security, Labor and Civil Risks | 316,547           | 333,519           | 253,973           | 273,246           |
| <b>Non-Current Liabilities</b>                            | <b>37,724,857</b> | <b>36,769,250</b> | <b>32,607,877</b> | <b>34,088,817</b> |
| Loans, Financing and Debentures                           | 27,135,582        | 25,103,623        | 21,518,489        | 21,394,660        |
| Deferred Income Tax and Social Contribution               | 238,241           | 268,833           | -                 | -                 |
| Others  | 9,009,049         | 10,061,571        | 8,927,096         | 10,173,732        |
| Provision for Tax, Social Security, Labor and Civil Risks | 371,697           | 479,664           | 344,951           | 438,114           |
| Other Provisions  | 970,288           | 855,559           | 1,817,341         | 2,082,311         |
| <b>Shareholders' Equity</b>                               | <b>9,007,513</b>  | <b>8,069,059</b>  | <b>8,616,897</b>  | <b>8,096,570</b>  |
| Capital   | 4,540,000         | 4,540,000         | 4,540,000         | 4,540,000         |
| Capital Reserve   | 30                | 30                | 30                | 30                |
| Earnings Reserves   | 3,690,543         | 2,839,568         | 3,690,543         | 2,839,568         |
| Retained Earnings   | -                 | -                 | -                 | -                 |
| Other Comprehensive Income                                | 386,324           | 716,972           | 386,324           | 716,972           |
| Non-Controlling Shareholders' Interests                   | 390,616           | (27,511)          | -                 | -                 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>         | <b>53,283,269</b> | <b>50,402,539</b> | <b>46,925,534</b> | <b>48,689,176</b> |

**CASH FLOW STATEMENT**  
**CONSOLIDATED – Corporate Law – In Thousand of R\$**

|  | 2012               | 4Q13               | 2013               |
|--|--------------------|--------------------|--------------------|
| <b>Cash Flow from Operating Activities</b>         | <b>2,528,973</b>   | <b>796,843</b>     | <b>2,198,079</b>   |
| Net income for the period                          | (420,113)          | (512,065)          | 509,025            |
| Non-Controlling Shareholders results               | (60,461)           | 24,969             | 24,969             |
| Foreign exchange and monetary variations, net      | 1,010,237          | 366,513            | 1,638,653          |
| Provision for financial expenses                   | 2,203,057          | 635,610            | 2,233,500          |
| Depreciation, exhaustion and amortization          | 1,100,472          | 286,709            | 1,155,593          |
| Write-off of permanent assets                      | 9,759              | 4,855              | 31,660             |
| Equity Result                                      | (641,436)          | 349,600            | (158,138)          |
| Impairment of available for sale securities        | 2,022,793          | -                  | 5,002              |
| Result from derivative financial instruments       | 13,739             | 5,898              | 25,597             |
| Deferred income taxes and social contribution      | (1,274,207)        | (689,050)          | (1,216,594)        |
| Impairment   | -                  | 48,469             | 48,469             |
| Gain on shared controll of Transnordestina         | -                  | (473,899)          | (473,899)          |
| Impairment - railway I of Transnordestina          | -                  | 216,446            | 216,446            |
| Provisions   | 245,025            | 74,600             | 106,973            |
| <b>Working Capital</b>                             | <b>(1,679,892)</b> | <b>458,188</b>     | <b>(1,949,177)</b> |
| Accounts Receivable                                | 55,349             | 15,508             | (225,028)          |
| Trade Receivables – Related Parties                | (318,080)          | (62,795)           | (62,795)           |
| Inventory  | 164,755            | 238,445            | 259,301            |
| Receivables from related parties                   | (4,393)            | (22,000)           | (54,931)           |
| Suppliers  | 727,337            | (69,684)           | (841,157)          |
| Taxes and Contributions                            | 46,506             | 867,954            | 933,230            |
| Interest Expenses                                  | (2,486,447)        | (604,799)          | (2,381,154)        |
| Judicial Deposits                                  | 32,595             | (8,311)            | 5,821              |
| Dividend received from common related parties      | 247,403            | 55,710             | 324,180            |
| Others   | (144,917)          | 48,160             | 93,356             |
| <b>Cash Flow from Investment Activities</b>        | <b>(3,102,210)</b> | <b>(799,128)</b>   | <b>(2,245,806)</b> |
| Derivatives  | 65,931             | 93,673             | 426,328            |
| Acquisition of Subsidiaries                        | (301,192)          | -                  | -                  |
| Investments  | (166,915)          | (5,131)            | (5,131)            |
| Fixed Assets/Intangible                            | (2,737,840)        | (740,519)          | (2,490,204)        |
| Cash and Cash Equivalents – Shared control of TLSA |                    | (146,475)          | (146,475)          |
| Cash from Acquisition of Subsidiaries              | 14,880             | -                  | -                  |
| Financial Investments                              | 22,926             | (676)              | (30,324)           |
| <b>Cash Flow from Financing Companies</b>          | <b>(855,779)</b>   | <b>(1,469,579)</b> | <b>(1,881,419)</b> |

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| <b>Issuances</b>   | 3,520,263          | 468,406            | 1,697,363          |
| <b>Amortizations</b>   | (2,429,046)        | (1,434,218)        | (1,923,703)        |
| <b>Amortization - Acquisition of Subsidiaries</b>              | (803,456)          |                    |                    |
| <b>Dividends/Interest on equity</b>                            | (1,199,734)        | (503,767)          | (1,660,503)        |
| <b>Payment of Capital - Non-Controlling Shareholders</b>       | 56,194             |                    | 5,424              |
| <b>Foreign Exchange Variation on Cash and Cash Equivalents</b> | <b>(119,853)</b>   | <b>320,661</b>     | <b>32,997</b>      |
| <b>Free Cash Flow</b>  | <b>(1,548,869)</b> | <b>(1,151,203)</b> | <b>(1,896,149)</b> |

## SALES VOLUME AND NET REVENUE PER UNIT (STEEL)

CONSOLIDATED

## SALES VOLUME (thousand tonnes)

|                        | 4Q12         | 3Q13         | 4Q13         | 2012         | 2013         |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>DOMESTIC MARKET</b> | <b>1,163</b> | <b>1,177</b> | <b>1,067</b> | <b>4,495</b> | <b>4,650</b> |
| Slabs                  | 2            | 3            | -            | 2            | 11           |
| Hot Rolled             | 554          | 522          | 480          | 2,111        | 2,106        |
| Cold Rolled            | 199          | 204          | 168          | 832          | 799          |
| Galvanized             | 286          | 320          | 298          | 1,105        | 1,248        |
| Tin Plate              | 122          | 129          | 121          | 445          | 486          |
| <b>FOREIGN MARKET</b>  | <b>342</b>   | <b>354</b>   | <b>381</b>   | <b>1,334</b> | <b>1,467</b> |
| Slabs                  | -            | -            | -            | -            | -            |
| Hot Rolled             | 2            | 2            | 4            | 17           | 20           |
| Cold Rolled            | 14           | 17           | 15           | 52           | 66           |
| Galvanized             | 103          | 117          | 121          | 413          | 468          |
| Tin Plate              | 35           | 38           | 48           | 129          | 159          |
| Steel Profiles         | 188          | 180          | 194          | 724          | 754          |
| <b>TOTAL MARKET</b>    | <b>1,505</b> | <b>1,531</b> | <b>1,448</b> | <b>5,829</b> | <b>6,117</b> |
| Slabs                  | 2            | 3            | -            | 2            | 11           |
| Hot Rolled             | 556          | 524          | 484          | 2,128        | 2,126        |
| Cold Rolled            | 213          | 221          | 183          | 884          | 865          |
| Galvanized             | 389          | 437          | 419          | 1,518        | 1,716        |
| Tin Plate              | 157          | 167          | 169          | 574          | 645          |
| Steel Profiles         | 188          | 180          | 194          | 724          | 754          |

PARENT COMPANY

## SALES VOLUME (thousand tonnes)

|                        | 4Q12         | 3Q13         | 4Q13         | 2012         | 2013         |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>DOMESTIC MARKET</b> | <b>1,176</b> | <b>1,183</b> | <b>1,081</b> | <b>4,528</b> | <b>4,693</b> |
| Slabs                  | 2            | 3            | 0            | 2            | 11           |
| Hot Rolled             | 565          | 518          | 488          | 2,129        | 2,118        |
| Cold Rolled            | 203          | 207          | 169          | 841          | 801          |
| Galvanized             | 284          | 324          | 302          | 1,110        | 1,264        |
| Tin Plate              | 123          | 131          | 123          | 447          | 498          |
| <b>FOREIGN MARKET</b>  | <b>38</b>    | <b>41</b>    | <b>51</b>    | <b>145</b>   | <b>174</b>   |
| Slabs                  | -            | -            | -            | -            | -            |
| Hot Rolled             | 1            | -            | -            | 1            | 1            |
| Cold Rolled            | -            | -            | 0            | 0            | 0            |
| Galvanized             | 2            | 3            | 3            | 15           | 14           |
| Tin Plate              | 35           | 38           | 48           | 128          | 159          |
| <b>TOTAL MARKET</b>    | <b>1,214</b> | <b>1,225</b> | <b>1,133</b> | <b>4,673</b> | <b>4,866</b> |
| Slabs                  | 2            | 3            | 0            | 2            | 11           |
| Hot Rolled             | 566          | 518          | 488          | 2,130        | 2,119        |
| Cold Rolled            | 203          | 207          | 169          | 841          | 802          |
| Galvanized             | 286          | 328          | 304          | 1,125        | 1,278        |
| Tin Plate              | 158          | 169          | 171          | 575          | 657          |

## CONSOLIDATED NET REVENUE PER UNIT (R\$/ton)

|                     | 4Q12         | 3Q13         | 4Q13         | 2012         | 2013         |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| <b>TOTAL MARKET</b> | <b>1,849</b> | <b>2,043</b> | <b>2,089</b> | <b>1,821</b> | <b>1,983</b> |

